

81 01106
1977 update

1977 UPDATE
**ABOUT
BERKELEY
SCHOOLS**

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

JAN 30 1981

UNIVERSITY OF CALIFORNIA

SUPPLEMENT to
"ABOUT BERKELEY SCHOOLS/1975-76"
includes New Reports on
THE SERRANO DECISION and CHILD CARE PROGRAMS

February 1977 LEAGUE OF WOMEN VOTERS OF BERKELEY
1836 University Avenue • Berkeley

\$1.00

ABOUT BERKELEY SCHOOLS
UPDATE 1977

This supplement has been prepared to bring up to date statistical information included in About Berkeley Schools 1975-76 (published May, 1976)


Current information is provided on income, expenditure, tax rates, salaries and staff deployment, and a discussion entitled 'Balancing the Budget' speaks to fiscal planning for the coming school year. This new data should be read in conjunction with background information on these subjects and the glossary of terms in last year's publication.

Two new reports have been included in this 1977 Update:
'The Serrano Decision' and 'Child Care Programs'.

Members of the League Education Committee would like to express their appreciation to BUSD staff members for their cooperation in making information available.

TABLE OF CONTENTS

The Serrano Decision	1
Berkeley Taxes	5
School District Income	11
School District Expenditure	19
Staff Salaries and Benefits	25
Staff Distribution	27
Balancing the Budget	33
Child Care Programs	38



Digitized by the Internet Archive
in 2024 with funding from
State of California and California State Library

<https://archive.org/details/C124901366>

The Serrano Decision

All laws of a general nature shall have a uniform operation.

No special privileges or immunities shall ever be granted which may not be altered, revoked, or repealed by the Legislature; nor shall any citizen, or class of citizens, be granted privileges or immunities which, upon the same terms, shall not be granted to all citizens.

California Constitution, Article IV, Section 16
Article I, Section 7(b)

The recent decision of the California Supreme Court by a close 4 to 3 vote in the Serrano case is the final result of a court path begun in 1968. The present system of financing California schools has been declared unconstitutional based on the equal protection clauses of the California Constitution quoted above. The Court declared that "...equality of educational opportunity requires that all school districts possess an equal ability in terms of revenue to provide students with substantially equal opportunities for learning."

Persons living in a school district that is unable to afford any extra educational services see the Serrano decision as a milestone of progress and happily anticipate legislation that will give them the same chance as wealthier districts to raise money. Although no one argues against increasing the funds available to poor districts, rich districts fear that complying legislation will require them to give some of their school tax money to the state for redistribution to districts of lesser wealth.

What About Berkeley? Berkeley is above average in the assessed value of its property measured against its student population. The change in school funding brought about when Senate Bill 90 tied allowable revenue to enrollment has hit Berkeley with the problem of revenues dropping faster than expenses. Berkeley may find itself caught in the middle between the high aspirations of its residents and the expected "leveling-down" effect of state legislation which must meet the standard set by the court which limits differences in spending ability to \$100 per pupil (excluding categorical funds) by 1980. Berkeley is too far above the state average in spending now to hope that the Legislature will provide funds to bring other districts up to its spending level.

Dr. Wilson Riles has said, "I will not support a plan which merely spreads poverty equally among our schools." But when property tax relief is seen as a sure sign of reelection by legislators, and a significant improvement in the quality of public schools costs millions, political realities

suggest that the next few years will require more than average belt-tightening for Berkeley.

The Present System The system the Legislature must change is based largely on property tax revenues supplemented by state aid. State monies are channeled to local districts primarily through two funds. Basic aid is a flat grant of \$125 per pupil regardless of district wealth. Equalization aid is given to those districts which have too small a tax base to raise the number of dollars guaranteed by the state for each student. Berkeley does not receive any equalization aid but does receive basic aid.

Although \$120 of the present \$125/student in basic aid is mandated by the Constitution, it adds insult to injury in the present disparity in school revenues since it goes to all districts regardless of wealth. Any Serrano legislation will probably include a constitutional amendment in order to eliminate it.

The Supreme Court acknowledged that some spending differences are irreducible. Items such as heating, transportation, salaries, and special education vary from district to district and somehow must be taken into consideration.

Discussion of how to comply with Serrano has caused renewed interest in state categorical aid for certain pupils, such as disadvantaged and handicapped children. Berkeley may eventually be able to capitalize on funds created to meet special local problems.

Alternative Funding Methods No one can predict at this time just what agreement the Governor and the Legislature will reach on ways to alter the system of financing schools at the same time they provide property tax relief. Two factors suggest that legislation will be passed this session. Because adjustments to the present system may be difficult and must be completed by 1980, early passage would allow time to phase in any changes. Rumors abound that initiative campaigns for the June 1978 ballot will begin soon and early action by the Legislature may head some off.

The Governor has offered a New State School Program for K-12 Local Assistance (NSSP) with a five-year implementation period. The proposal purports to meet several criteria: substantially comply with Serrano, increase state share of costs without increasing state taxes, property tax relief, controlled growth of school expenditures, local control, recognizes special needs, no decrease in level of program in any school, no statewide property tax, and no consolidation of districts. At the time of writing, this proposal was not in legislative form, but it, along with proposals from legislators, are expected on the floor of the Legislature this spring.

The Court suggested six methods that the Legislature could use that "would not produce wealth-related spending disparities."

1. Full state funding coupled with a statewide property tax.

Although not part of the Governor's proposal, a statewide property tax is often suggested as a component of Serrano legislation. If the state assumes full funding of schools, including the property tax in their tax sources for supporting schools, the state would then presumably set the

spending limits thus reducing local control.

Some proponents suggest enacting a countywide property tax rather than statewide. In either case, urban districts will share more money than they keep.

2. Consolidation of the present 1,067 school districts into about 500 so that assessed valuation per student per district would be the same statewide. Aside from requiring districts to relinquish cherished local identities, this would be a very difficult solution because of population changes and illogical geographical divisions. A new subdivision or a new oil well would wreak havoc with the established boundaries.

3. Removal of commercial and industrial property from local to state taxation for schools. If the tax roll is split in this way, local communities would lose most of the present tax incentive to include industrial and commercial property within their boundaries.

4. Power equalizing Under a system of power equalizing, the state guarantees that a given tax rate will raise the same amount of money per student in each district levying that rate, regardless of the tax base. The state would make up the difference to poorer districts which do not have a tax base sufficient to provide the set amount. Wealthier districts would have to give the state whatever amount they raise in excess of the guaranteed amount.

Because power equalizing readily meets the Court's requirement for "fiscal neutrality", it is a factor usually expected in Serrano legislation. Already under SB 1641 which was adopted last August, high spending districts are required to share some of their income if they vote to increase their revenue limits after July 1977.

School district property wealth and the personal wealth of residents often do not go hand in hand. Cities with many poor people may be tax rich school districts, and suburbs with affluent residents may be tax poor school districts. Critics of power equalizing, therefore, point out the practical difficulties of requiring property rich school districts to share their wealth with poorer districts. Supreme Court Justice Clark recognized this in his dissenting opinion, when he said, "Such reverse welfare is hardly compelled by the equal protection clause of any constitution".

5. Vouchers Those who do not expect that enough money will be provided to bring the spending levels of the poorer districts up to the standards of the higher-spending districts and expect uniform mediocrity, predict the end of public education, which now at least has pockets of excellence. They believe the final result may be the proliferation of private schools, leaving the public schools to those who cannot afford anything else. Vouchers, where parents are given a "ticket" for each child which may be used to "buy" his/her education, could alleviate that problem. However, opponents question the use of public money to support private schools unless those schools agree to sacrifice their autonomy and submit to state standards.

6. A combination of two or more of the above.

State Tax Sources If the state does not tap the property tax in order to help pay for education, it will have to make large adjustments in its budget and tax revenue. Sales and income taxes are the chief sources of state revenue. If the amount of money raised by property taxes for schools is either reduced or eliminated and the state assumes the total cost of education, the taxpayer would feel the increases in one or both of those taxes. (Interestingly, if the present \$4 billion for education raised by local property taxes were eliminated entirely, the same amount could be raised by paying a 100% surcharge on your present state income tax. Some taxpayers would then be spending less than they now spend for schools and some would pay more.)

Municipal Overburden A problem for Berkeley is that we have a fairly high city tax rate of \$3.665. Any urban center may be expected to have a high city tax rate compared to a suburban community with affluent residents and few city services. It isn't reasonable to expect city voters to vote large increases in their school tax rate when they not only may have to share some of that money with other districts but also have a high city tax rate. Several defendants including San Francisco advanced this argument in the Serrano case, calling the problem "municipal overburden". The Court replied "...this court is not now engaged in - nor is it about to undertake - the 'search for tax equity' which defendants prefigure."

Quality of Education Defendants argued that a system which only looked at the funding and not at the quality of education would be a "nearsighted" approach. The Court replied that "...there is (not) any constitutional mandate for the State to provide funds for each child in the State at some magic level to produce either an adequate-quality educational program or a high-quality educational program. It is only a disparity in treatment between equals which runs afoul of the California constitutional mandate of equal protection of the laws."

Long-range Effects The Serrano decision creates a large dilemma for the Legislature. Every proposed solution has vociferous critics. All districts have unique needs. It is now the Legislature's task to propose legislation that will satisfy the court and alienate as few constituents as possible.

The long-range effects of the Serrano decision can't be predicted yet. Dr. Jack Coons, a professor at Boalt Hall, jokingly refers to the "equal sewers" problem. (Wealthier communities find it possible to spend more for city services.) Will someone eventually bring suit asking for fiscal equality in providing local services? Although it is farfetched now to think that courts would go that far, it is very probable that other "fundamental interests" of the state besides education, such as health and welfare, may eventually also have to meet the Serrano criterion of fiscal neutrality.

Berkeley Taxes

This section will discuss the different taxes which make up the Berkeley Unified School District Tax Rate, show how this tax has declined in recent years and compare school tax rates in other Alameda County districts. It will also give a breakdown of Berkeley's total combined tax rate, show how this has changed in the last ten years, and how it compares with other cities in the Bay Area.

Berkeley Unified School District Tax Rate

The BUSD tax rate consists of a General Purpose Tax rate, several limited over-ride taxes levied for specific purposes including school buildings, and a separate day care tax to finance the Children's Centers.

BERKELEY UNIFIED SCHOOL DISTRICT TAX RATE

	<u>1976-77</u>	<u>1977-78 (Estimated)</u>
General Purpose Tax - regular	\$5.107	\$4.725
General Purpose Tax - adult	.270	.310
Meals for Needy	.050	.050
Community Service	.100	.100
State School Building - Debt	.008	.007
State School Building - Field Act	.200	--
Total General Fund Rate	<u>\$5.735</u>	<u>\$5.193</u>
Child Development Fund	.618	.618
Total Operating Rate	<u>\$6.353</u>	<u>\$5.811</u>
Bond Interest and Redemption Fund	.122	.122
Total BUSD Tax Rate	<u>\$6.475</u>	<u>\$5.933</u>

The General Purpose Tax rate has traditionally been controlled by State Law and may not be increased (except by limited inflation allowances) without the approval of the local voters. The last time Berkeley citizens voted for an increase in the General Purpose Tax was in 1966. In December 1976 the School Board considered and rejected a proposal to ask the Berkeley voters to approve a Revenue Limit increase.

The General Purpose tax rate is expected to decrease next year as it has each year since 1973-74 under the effect of Senate Bill 90. This 1973 school finance measure, designed to control local tax rates, had two main purposes - to provide property tax relief at the local level and to begin to comply with the Serrano court decision to equalize spending among school districts state-wide.

S.B. 90 sets strict limits on the amount a school district can raise from the local property tax under the General Purpose tax rate. Except for increases allowed for inflation it holds local revenues at their 1972-73 level. The effect of this control is to reduce the General Purpose tax rate when the assessed valuation of property increases, and this has been the case in Berkeley. Since S.B. 90 also ties local revenue to Average Daily Attendance, Berkeley's General Purpose tax rate has been further reduced as a result of declining enrollment. Consequently Berkeley's General Purpose tax rate has dropped in recent years from a peak of \$6.693 in 1973-74 to \$5.107 this year and is expected to drop further to \$4.74 in 1977-78.

This year, for the first time, the General Purpose rate was by law broken down into the rate for grades K-12 and the rate for the Adult School.

The limited over-ride taxes are not expected to change much in the near future, except for the Field Act tax for buildings. This tax was levied for a limited three-year period and will not be levied in 1977-78. However in 1978-79 Berkeley will begin to repay its State Field Act building loan with a tax rate of approximately 17¢, diminishing to 6¢ over a twenty year period.

The Children's Center tax rate has not been set yet for 1977-78, although the business office estimates it will remain the same as this year. This is an unlimited tax rate and may be raised by vote of the School Board without voter approval.

HISTORY OF BERKELEY SCHOOL TAX (3)

<u>BUSD total</u> <u>tax rate</u>	<u>assessed(1)</u> <u>valuation</u>	<u>potential (1)(2)</u> <u>revenue</u>
1966-67 \$6.540	\$197.0 million	\$12.9 million
1967-68 \$6.693	206.0	13.8
1968-69 \$6.776	237.0	16.1
1969-70 \$6.397	294.2	18.8
1970-71 \$6.975	295.7	20.6
1971-72 \$7.183	306.0	22.0
1972-73 \$7.171	313.6	22.5
1973-74 \$7.453	322.5	24.0
1974-75 \$7.489	334.4	25.0
1975-76 \$7.305	361.0	26.4
1976-77 \$6.475	405.4	26.3
1977-78 \$5.905 est.	--	--

(1) figures rounded to nearest \$100,000

(2) subject to adjustments for reassessment, delinquency, etc.

(3) developed from data of Alameda County School Department

During the early 1970's the BUSD total tax rate rose considerably, but by this year it had dropped back to \$6.475, or close to what it was ten years ago (1966-67 - \$6.54)

However the revenue raised by this tax has greatly increased over this ten year period as the assessed valuation of Berkeley has risen steeply. In the next few years this trend is expected to be held in check under the influence of S.B. 90. For 1976-77 revenue from this local tax was less than for 1975-76 and is estimated to be lower still for 1977-78.

ALAMEDA COUNTY SCHOOL TAX RATES 1976-77 (4)

<u>Unified districts</u>	<u>Gen.purpose k-12</u>	<u>Buildings (1)</u>	<u>Child Care (2)</u>	<u>Other taxes (3)</u>	<u>Total tax rate</u>
Alameda	4.761	0.463	0.062	0.243	\$5.529
Albany	5.509	0.442	0.020	0.163	\$6.134
Berkeley	5.107	0.330	0.618	0.420	\$6.475
Castro Valley	4.488	0.769	--	0.250	\$5.507
Emeryville	1.843	0.085	--	0.150	\$2.078
Fremont	4.197	0.881	--	0.158	\$5.236
Hayward	4.358	0.991	0.060	0.311	\$5.720
Livermore	4.479	1.168	--	0.200	\$5.847
Newhaven	4.530	0.973	--	0.171	\$5.674
Newark	5.126	1.314	--	0.053	\$6.493
Oakland	4.839	0.679	0.219	0.390	\$6.127
Piedmont	5.842	0.402	--	0.150	\$6.394
San Leandro	2.708	0.149	0.003	0.225	\$3.085
San Lorenzo	4.380	0.851	--	0.133	\$5.364

- (1) Total of taxes for Earthquake Safety, School Property Lease Purchase, State Building Loan, Bond Redemption, Capital Outlay R.O.C., Street & Highway
- (2) Child Development Fund (Children's Centers)
- (3) Total of taxes for Adult School, Meals for Needy Pupils, Community Services
- (4) Developed from data of Alameda County School Department

Compared with other Unified Districts in Alameda County, Berkeley's total school tax rate this year was more than \$6.00, along with four other districts (Newark, Albany, Oakland, Piedmont.) The same districts are also the highest in their General Purpose rate. For tax rates relating to Buildings, Berkeley is one of the lowest in the county at 0.33, the highest being Newark at \$1.314. In its Child Development tax, levied for child care programs, Berkeley stands out at 0.618 as the highest in the county, with Oakland not even a close second at 0.219. In fact Berkeley's Child Development tax is the highest in the state, the second highest being Whisman Elementary in Santa Clara County at 0.309, exactly half Berkeley's rate. In the 'other taxes' column, Berkeley and Oakland are higher than other districts due to their Adult School tax (Berkeley 0.270, Oakland 0.219).

City of Berkeley tax rate

S.B. 90 also controls local revenues for city government, though less stringently than school districts. City taxes are frozen at their 1972-73 rates plus an annual increase allowed for inflation. The City of Berkeley tax rate was then \$3.47 and this rate has been held through this year. The City Council has even outdone S.B. 90 regulations by not raising the tax rate by the inflation allowance, which this year was 49 cents. Even so Berkeley's is the highest rate of all cities in Alameda County.

The official city tax rate is quoted as \$3.665 for 1976-77, however this includes 20 cents approved by the voters as Measure Y funds for parks. Maintaining this tax rate has not been achieved without painful budget trimming, though the City has been greatly helped by Revenue Sharing funds received in recent years. This year 25.7% of the city income came from federal grants. Thus the city had to depend on the local property tax for only 29.6% of its income, whereas the School District raised 69% of its income this year from the local property tax.

Sources of City of Berkeley Income 1976-77

Local property tax	29.6%
Other local taxes	21.7%
Federal grants	25.7%
State & County Funds	18.4%
Carryover	4.6%

BREAKDOWN OF BERKELEY'S COMBINED TAX RATE

	<u>1966-67</u>	<u>1976-77</u>
County tax	2.300	3.110
City of Berkeley	2.780	3.665
School District	6.540	6.475
Community College	.675	.888
County Support for Special Education	.016	.163
County Flood Control	.015	.014
Air Pollution Control	.013	.018
Mosquito Abatement	.011	.010
A.C., Transit	.160	.448
B.A.R.T.	.417	.422
B.A.R.T. Underground	--	.178
East Bay Regional Parks	.100	.195
East Bay Water	.260	.124
East Bay Sewage	--	.069
County School Equalization	.093	--
Total tax rate per \$100 A.V.	<u>\$13.380</u>	<u>\$15.779</u>

During the last ten years the total Berkeley tax rate has risen by \$2.43 from \$13.380 in 1966-67 to \$15.779 in 1976-77. Compared with 1966-67 the school tax is 7¢ lower and the City of Berkeley tax 89¢ higher in 1976-77. The most noticeable change has been in the County and Special District tax rates which have shown a net increase of \$1.61 in these ten years.

PROPERTY TAX DOLLAR DISTRIBUTION

	<u>1966-67</u>	<u>1976-77</u>
BUSD Tax rate	49%	41%
City of Berkeley	21%	23%
Other tax rates	30%	36%
Total tax rate	<u>100%</u>	<u>100%</u>

There have been some important changes in the distribution of the tax dollar in the last ten years. In 1966-67, 21% of all taxes went for the City of Berkeley; in 1976-77 the city's share has risen slightly to 23%. The school district's portion of the tax dollar has dropped from 49% ten years ago to 41% this year, and is expected to continue to decline in the next few years.

As the total tax pie has grown bigger in the last ten years, a higher portion of the tax dollar has gone to the County and to special districts like BART and AC Transit. These areawide taxes have risen from 30% of the tax dollar in 1966-67 to 36% this year.

Although the total Berkeley tax rate has not risen appreciably in the last ten years every homeowner knows that his tax bill has risen phenomenally in this period. Property values have risen steeply in Berkeley during this period as in other parts of the state, to the point that legislators are concerned about a taxpayers' revolt.

To give an example: A moderately priced house in Berkeley in 1966-67 was valued at around \$15,000. That same house ten years later is valued around \$50,000. Taxes on this house this year are almost four times what they were in 1966-67.

	<u>Full value</u>	<u>Assessed value (25%)</u>	<u>Tax rate</u>	<u>Tax payment</u>
1966-67	\$15,000	\$3,750	\$13.380	\$503
1976-77	\$50,000	\$12,500	\$15.779	\$1973

TOTAL COMBINED TAX RATES IN NEARBY CITIES 1976-77 (1)

	<u>Range for different zones (2)</u>
Berkeley	\$15.779 to \$15.814 per \$100 assessed valuation
Pleasanton	\$12.033 to \$15.540
Oakland	\$11.398 to \$14.975
Richmond	\$10.195 to \$14.738
Piedmont	-- \$14.611
El Cerrito	\$13.327 to \$14.558
Albany	-- \$13.885
Emeryville	\$ 9.085 to \$12.958
San Francisco	-- \$12.820
Orinda	\$10.868 to \$12.506
Moraga	\$10.808 to \$12.281

(1) Developed from data of Taxpayers' Associations of Alameda and Contra Costa Counties.

(2) Since boundaries of Special Districts do not always coincide with city boundaries, tax rates may vary between zones within a city.

While Berkeley does provide more extensive public services than other cities its tax rate is the highest in the Bay Area. We pay a price, too, for enjoying a predominantly residential community with a relatively small industrial/commercial tax base.

In recent years single family residences have borne an increasing share of the property tax burden. In 1974 revenues from single family dwellings were 41.6% of all property taxes collected in Berkeley; in 1976 they accounted for 46.5%. Berkeley also has an extremely high proportion of property which is tax-exempt (such as property owned by religious and charitable groups) or tax-immune (such as federal or state property like the University of California).

School District Income

1976-1977

(See About Berkeley Schools 1975-76, pages 3-9, for background information on income, including explanations of local taxes and definitions of State and Federal programs)

Berkeley's income for the K-12 program continued to decline this year as it has since the enactment of SB 90 in 1973. This school finance law linked local tax income to enrollment for the first time. Because K-12 enrollment is falling in Berkeley, local income for that program declines. Since a large part of our state income (Basic Aid) is also tied to attendance, declining enrollment affects that income also. Enrollment projections made by the school district through 1982 show a continuing downward trend in the number of pupils and this will be paralleled by a continuing downward trend in income.

There are two reasons for declining enrollment in Berkeley's public schools. The first is a lower birthrate, which is a nationwide phenomenon. A second cause, however, is the loss of school age children from our public schools. This was made clear in an analysis prepared by Dr. Arthur Danbacher, Director, Child Welfare and Attendance, which revealed that each year there are fewer children enrolled in the first grade than were enrolled during the previous year in kindergarten, fewer children in second grade than were enrolled the previous year in first grade, and so on. The most marked attrition of pupils is between the 3rd and 4th grades, which is the year of transition from the primary schools to the 4-6 schools. Parental dissatisfaction with the public schools is one cause of the exodus reflected in the data. This report also projects that enrollment will decline at an annual rate of 6.5% in the next few years.

Sources of Income

Public school education in California is financed through a combination of local, state and federal funds. The table which follows compares the amount of income from the various sources for the last year and this year:

Table I
General Fund Income - By Source

Fiscal Year	Property Tax	Other Local	State	Federal	TOTAL * INCOME
1975-76	70.3%	5.1%	11.8%	12.9%	\$32,731,402
1976-77	68.9%	5.4%	12.7%	13.1%	\$33,257,120

*excluding beginning balance

Most of Berkeley's income is derived from the local property tax because it is classified as a high wealth, or "Basic Aid" district. Poor districts receive far more of their income from the state, especially in the last few years as a consequence of the Serrano decision.

Analysis of General Fund Income

Actual income for 1975-76 and income budgeted for the current year are presented in Table II. The pages which follow analyze in detail each of the major income figures.

Local Income from Property Taxes: The local property tax will yield \$21.6 million to the General Fund this year: \$20.6 million to the K-12 program, through the K-12 general purpose tax rate of \$5.107 and nearly \$1 million to the Adult Fund, through the Adult general purpose tax rate of \$0.27.

New legislation (SB 1641) now requires the separation of Adult School revenues from K-12 revenues and establishes a separate revenue limit for each of these programs. Berkeley's revenue limit this year is \$1,814 for K-12 students and \$677 for adults. Multiplying the revenue limit times the number of students in attendance (ADA) equals the total amount of revenue a school district may raise from the local property tax through the general purpose tax rates.

Revenue limits are set by state law through a complex formula which includes provision for an annual increase for inflation. High-wealth districts like Berkeley have a lower inflation allowance than low-wealth districts. This "squeeze factor" helps equalize expenditures among school districts in order to comply with the Serrano decision. SB 1641, enacted last July, increased the amount of the inflation allowance for all school districts. As a consequence, Berkeley was able to raise an additional \$284,740.

In past years, adult ADA brought in the same amount of local tax money per student as K-12 ADA. Adult School programs are less costly than K-12 programs, however, and school districts made a "profit" on adult enrollment which they used to subsidize K-12 programs. This encouraged school districts to maximize adult school enrollment. SB 1641 ends this subsidy by separating the revenue limits and setting the Adult School's revenue limit at a level which corresponds with actual costs. In order to allow school districts time to adjust to the new reality, SB 1641 permits districts, for this year only, to raise more money for their K-12 program than they would be entitled to otherwise. In Berkeley, this cushion for the cut in Adult School revenue amounts to approximately \$68,000.

A serious overestimate of K-12 enrollment for this year was made by district officials. It is important to understand, therefore, that this year's K-12 general purpose income of \$20.6 million exceeds the amount to which we are legally entitled. Enrollment projections could not be made with the usual confidence because of the incalculable effects of the turbulence in the district last year, including a teachers strike and staff

TABLE II
GENERAL FUND INCOME (1)

	1975-76 actual	1976-77 budget (2)
<u>Local Income from Property Taxes</u>		
General Purpose Revenue		
General Purpose (K-12)	19,561,941	18,175,159
General Purpose (Adult)		957,703
Unsecured Tax Rolls	1,767,508	2,092,448
Prior Years' Taxes	523,403	400,000
	<u>21,852,852</u>	<u>21,625,310</u>
Limited Override Taxes		
Meals for Needy Pupils	161,175	177,585
Earthquake Safety (Field Act)	644,742	710,338
Community Services	322,334	355,169
State School Building Debt	32,233	35,517
	<u>1,160,484</u>	<u>1,278,609</u>
Subtotal	23,013,336	22,903,919
<u>Local Income from Other Sources</u>		
Sales, Fees, and Other	504,825	442,259
Interdistrict Tuition	1,036,213	1,159,415
Interfund Transfers	112,197	190,000
Subtotal	<u>1,653,235</u>	<u>1,791,674</u>
<u>State Income</u>		
Basic Aid (K-12)	1,952,347	1,547,500
Basic Aid (Adult School)		216,875
State Teachers Retirement	0	358,303
Special Education	570,440	586,100
Other Apportionments	1,128,634	1,295,101
Parent Nursery	200,958	208,257
Subtotal	<u>3,852,379</u>	<u>4,212,136</u>
Federal Income	4,212,452	4,349,391
Net Beginning Balance	<u>386,858</u>	<u>1,241,654</u>
Total	33,118,260	34,498,774

(1) Data prepared in consultation with B.U.S.D. Accounting Office

(2) August 1976

lay-offs. There was some evidence that these events were the "last straw" for some parents already disenchanted for a variety of reasons with the public schools. What could not be assessed until September was the extent of the disaffection and the readiness of parents to remove their children from the schools.

In the event, enrollment in September was substantially lower than even the cautious predictions made last summer. However, the tax rate had been set in August based on the preliminary enrollment projections which were too high, and tax money is being collected for a larger enrollment than has materialized.

When a school district over-collects tax money, that is, raises more than it is due based on actual enrollment, the law requires that the following year's income be reduced by the amount of the overcollection. Accordingly, the district's income next year will be reduced by about \$1.2 million because of this year's overcollection. It is expected that not all of the amount of the overcollection will be spent this year, leaving a larger than budgeted ending balance. However the district is limited in what expenditures it can cut. (See discussion in section on "School District Expenditures").

Limited Override Taxes: These overrides, amounting to \$1.3 million this year, are termed limited because state law specifies the maximum tax rate a district is permitted to levy for each of them. (See About Berkeley Schools, 1975-76, p. 4, for more details on these overrides.) The total revenue which can be raised from that tax rate will rise each year because of increases in assessed valuation, unless the School Board lowers the rate.

This is the third and last year the twenty-cent override for the Earthquake Safety Building program may be levied. This tax will not be levied next year. However, beginning in 1978-79, the district will start to pay off the State Building loan, beginning with the income from a tax rate of seventeen cents which will decline over a twenty year period to six cents.

Local Income from Other Sources: Interdistrict tuition is the money received from other school districts for their residents who are attending Berkeley schools. Berkeley, in turn, pays other districts for Berkeley residents attending their schools. While our income from interdistrict tuition is greater than our expenditure, the law does not permit school districts to make a "profit" or "loss" from such transfers. Any balance in this account is offset by a corresponding adjustment in local tax income, through a mechanism in the revenue limit formula.

The Interfund Transfer of \$190,000 represents a payment from the Child Development Fund, which is an entirely separate budget, to the General Fund to cover overhead costs of that program. State regulations control the amount which may be transferred for this purpose.

State Income

Basic Aid, amounting to \$1.5 million this year for K-12 and \$216,875 for Adult School, is provided to every school district at the rate of \$125 per pupil. Because this aid is linked to enrollment, the total revenue Berkeley receives for Basic Aid will decline as enrollment shrinks.

TABLE III
STATE INCOME TO THE GENERAL FUND

	<u>75-76</u> <u>actual</u>	<u>76-77</u> <u>budget</u>
<u>Basic Aid</u>		
K-12 program	1,952,347	1,547,500
Adult School		216,875
Subtotal	<u>1,952,347</u>	<u>1,764,375</u>
<u>State Teachers Retirement (STRS)</u>	0	358,303
<u>Special Education: (1)</u>		
Physically Handicapped	129,111	235,527
Educable Mentally Retarded	18,838	15,792
Trainable Mentally Retarded	42,545	38,663
Transportation of Handicapped	32,989	21,142
Educationally Handicapped	156,619	67,623
Mentally Gifted	190,338	207,353
Total	<u>570,440</u>	<u>586,100</u>
<u>Other Apportionments: (1)</u>		
Driver Training	81,849	73,900
Transportation Allowance	399,063	313,250
Educationally Disadvantaged (EDY)	382,583	333,436
Early Childhood Education(K-3)	97,077	144,515
Handicapped:Private School		
Tuition	31,959	40,000
Instructional TV	900	-
Instructional Materials	4,699	-
BASTA (Bilingual Education)	130,504	390,000
Total	<u>1,128,634</u>	<u>1,295,101</u>
<u>Parent Nursery</u>	<u>200,958</u>	<u>208,257</u>
Total	3,852,379	4,212,136

(1) For description of programs see About Berkeley Schools 1975-76, p. 6

SB 1641, the new finance law, effective July 1976, was the culmination of last year's efforts by school districts and employee organizations to get more money for schools. The timing of this law, and similar legislation in past years, has made rational budget planning very difficult because school districts must submit a balanced budget early in August. It required several weeks after the enactment of SB 1641 to calculate its financial impact.

Districts have come in recent years to expect that the legislature will rescue them, even at the last minute, from their chronic money problems. This is less likely to be the case in the future, however, because legislators realize that money from the state treasury that is used for stop-gap measures will not be available to provide the millions needed to fund the major school finance reforms required by the Serrano decision.

Under SB 1641, Berkeley received a one-time only state contribution to the State Teachers Retirement System in the amount of \$358,303. Increased state revenue of about \$32,000 was also received for categorical aid programs.

State Subventions

A subvention refers to state money that replaces the local income due a school district from local taxpayers who are exempted by state law from paying a portion of their local property tax bill. The major state subventions which affect Berkeley are the homeowner's exemption and the business inventory exemption. In Table I the amount of the state subvention has been included in the General Purpose income. (For a detailed discussion of this mechanism, see About Berkeley Schools 1975-76, p. 7.)

Earlier in this section we referred to the proportion of General Fund income derived from local, state and federal sources. The percentages given in Table I exclude subventions from local income and therefore show a higher proportion of money from the local property tax than is in fact the case. This was necessary because the current year's subvention sum will not be known until next summer. Last year, the amount of local property tax money that was replaced by state money amounted to \$2.6 million. This would alter the proportions given for 1975-76 to 62.3% local property tax and 19.8% state income.

Federal Income

For the past six years, federal income in Berkeley has been about twice the national average. Many of the federal grants pay the salaries of staff working directly with children. But \$2.7 million or 61% of Berkeley's federal income is for the development of bi-lingual curriculum and teacher training programs which are regional or national in scope. Most of this money provides no services to Berkeley's students; in effect, we are merely a fiscal agent for these programs.

The following table provides details on income received from the federal government. (A description of each of the programs cited is included in About Berkeley Schools 1975-76 page 8.) Note that two major

TABLE IV
FEDERAL INCOME TO THE GENERAL FUND

	1975-76 <u>actual</u>	1976-77 <u>budget</u>
<u>District Programs (1)</u>		
Federal Impacted Areas (PL-874)	89,830	144,000
EPDA (Career Opportunity Project)	245,852	0
Follow-Through (EOA)	395,048	395,545
ESEA IV: Experimental Schools	308,046	0
ESEA I: Compensatory Education	519,820	563,745
ESEA III: Computational Fluency (Math)	99,896	110,927
ESEA II: School Library Resource	15,709	7,447
ESEA Adult Basic Education (ABE)	94,813	64,183
Vocational Education Act (VEA)	108,367	103,925
ESAA: Emergency School Aid Act	227,951	289,695
Environmental Education (Washington Yard)	29,320	0
Indochinese Child Assistance	8,823	0
Indochinese Adult Education	<u>18,125</u>	<u>2,859</u>
Subtotal	2,111,600	1,682,326
<u>Multi-Cultural Projects (2)</u>		
Bay Area Bilingual Education League BABEL (ESEA VII)	423,342	816,000
Center for Instruction in Multi-lingual Application (CIMA) (USOE)	517,793	701,461
Multi-Cultural Assistance Center (LAU) (USOE)	352,179	556,321
Asian-American Bilingual Materials Development Center (ESEA VII)	<u>807,538</u>	<u>593,283</u>
Subtotal	2,100,852	2,667,065
TOTAL FEDERAL INCOME	4,212,452	4,349,391

(1) For description of programs see About Berkeley Schools 1975-76, page 8.

(2) CIMA, LAU, and state-funded BASTA, all operate under BABEL, a consortium of five districts, headquartered in Berkeley. For further descriptions of the above Federal programs, see the Glossary in About Berkeley Schools, 1975-76, page 56.

programs which were a significant source of income in past years have ended, Experimental Schools and the Career Opportunities project (EPDA).

Beginning Balance: The beginning balance for this year, \$1.2 million, includes unexpended override income carried over to this year (about \$700,000), Stores (about \$300,000), and miscellaneous.

Summary of SB 1641

Throughout this section on Income, there are frequent references to changes in school funding resulting from the enactment of SB 1641 last summer. It is useful to summarize the pertinent provisions of this law:

- Separation of K-12 and Adult School income; creation of separate Adult School revenue limit; one-time-only revenue adjustment provision.
- Increase in the inflation allowance over the amount permitted by SB 90.
- State Teachers Retirement Fund contribution
- Changes in categorical aid funding amounts

The net effect of these provisions for Berkeley is that the district received about \$390,000 more in local tax money and \$353,000 more in state income, for a total of about \$743,000 more than it would have received before the enactment of SB 1641. The new money made available under this law was earmarked by the School Board for the payment of a salary bonus (about 4%) to employees in the current year.

Other School District Budgets

The General Fund is the major operating budget of the school district. Next year, Adult School income and expenditures will be accounted for in a separate Adult School Fund.

There are four other district budgets: Child Development Fund (child care), Cafeteria Fund, Bond Interest and Redemption Fund, and State School Building Fund. The Building Fund accounts for money received through a state loan and expended for the Earthquake Safety Building program.

TABLE V
INCOME FOR ALL FUNDS

	1975-76 actual	1976-77 budget	1977-78 estimated
GENERAL FUND	33,118,260	33,175,015	29,818,902
ADULT SCHOOL FUND	included in Gen. Fund	1,323,759	1,472,992
BOND INTEREST REDEMPTION	777,648	731,185	731,185
CHILD DEVELOPMENT FUND	3,487,144	4,302,764	5,506,360
CAFETERIA FUND	942,715	1,030,724	1,050,724
TOTAL ALL FUNDS	38,325,767	40,563,447	38,580,163

School District Expenditures

1976-77

This year's financial information published by the school district's business office enables us to break down the General fund budget to show separately district, override and grant spending. It is the district's regular income which is declining, not grant or override, so it becomes very important to analyze General fund expenditures over which the School Board has some control. Grant spending is controlled by federal regulations or by contracts with the granting agencies. The limited override income may be used only for items strictly specified by state law.

The 1976-77 General Fund budget (1) totals 34.6 million dollars. Of this amount, 27.1 million dollars, or 78.3%, is regular district expenditures. This includes reserves and Adult Education (2). Grants are 5.4 million dollars, or 15.6%, and limited overrides are 2.1 million dollars (or 6.1%).

The table below shows the amount of the General Fund budget for each major classification of expenditures.

<u>General Fund Expenditures - 1976-77</u>				
<u>(dollar amounts)</u>				
Object of Expenditure	District Funding	Override* Funding	Grant** Funding	Total General Fund
Employee Salaries & Benefits	\$22,114,283	\$205,751	\$3,446,165	\$25,766,199
Books and Supplies	1,127,347	237,699	173,486	1,538,532
Contracted Services	1,858,581	160,668	1,695,443	3,714,692
Capital Outlay	509,204	1,464,669	65,041	2,038,914
Other Outgo, incldg. Reserves	<u>1,481,531</u>	<u>40,587</u>	<u>0</u>	<u>1,522,118</u>
Total	\$27,090,946***	\$2,109,374****	\$5,380,135	\$34,580,455

* The Limited Overrides are: Meals for Needy Pupils, Earthquake Safety Building Program, Community Services, and State Building Loan Repayment. (See "School District Income" section)

** Grants include mainly federally supported programs. (See "School District Income" section)

*** The 1976-77 projected budget presented in the "Superintendent's Proposal for Reduction of General Purpose Expenditures", Nov. 30, 1976, excludes the reserves and Adult Education expenditures. Hence it shows an apparent discrepancy from our figures which include both.

**** This includes the carryover of a large amount of 1975-76 override tax income, which was not spent last year.

(1) Throughout this section, the tables presented are based upon the 1976-77 budget, as adjusted through Dec. 31, 1976, published by the district. We have incorporated some up-to-date modifications to the district's published figures.

(2) State legislation now requires the separation of Adult School income and K-12 income. This is a transition year; next year's Adult School expenditures will not be included in the General Fund.

General Fund Expenditures - 1976-77
(in percentages)

Object of Expenditure	District Funding	Override Funding	Grant Funding	Total General Fund
Employee Salaries & Benefits	81.6%	9.8%	64.1%	74.5%
Books & Supplies	4.2	11.3	3.2	4.4
Contracted Services	6.9	7.6	31.5	10.7
Capital Outlay	1.9	69.4	1.2	5.9
Other Outgo, including Reserves	<u>5.5</u>	<u>1.9</u>	<u>0</u>	<u>4.4</u>
Total	100%	100%	100%	100%

The figures used throughout this section represent budgeted amounts, adjusted by School Board approved revisions through December 31, 1976. Further adjustments will occur during the remainder of the fiscal year. The figures on actual expenditures will not be available until the end of the fiscal year.

Because of this year's over-collection of revenue (see Income section), the district received about \$1.2 million more in tax money than is due it, based on actual enrollment in September. This over-collection will be deducted from the income due the school district next year. That means that next year's program will suffer unless savings can be made in budgeted expenditures during this year. However, once a school district adopts its budget in August, there is little discretion for large expenditure cuts since nearly all of the budget is committed to staff costs and fixed overhead costs. There will be some savings in the Salary/Benefits account because of attrition among staff during the year, but state law and collective bargaining agreements preclude layoffs and salary reductions, more direct ways of reducing staff costs. Spending on books and supplies should be less than budgeted because of lower enrollment than expected. The Business Manager reports that controls have been established to prevent overspending by budget administrators, a problem that has plagued the district in past years. In addition, exercising great prudence in releasing money from the reserve accounts could assist in this problem.

Separating district and grant spending reduces distortions that have hampered analysis in the past. For example, staff costs are 75% of total General Fund expenditures, a rather low figure compared with other school districts. But the proportion rises to 82% when district expenditures alone are considered, as the data above reveal. Grant funds are spent very differently compared with regular district income. Notable differences are the proportions spent for staff costs and contracted services.

More than half of the grant fund total is composed of multi-cultural projects (BABEL, BASTA, CIMA, LAU, Asian-American Bilingual Materials Development Center). For these projects, with regional or national objectives, the district acts as fiscal agent. Most of the expenditures of these projects are not directly spent on the education of Berkeley school children, though they indirectly benefit them through development of multi-cultural curricula.

For a realistic analysis of Berkeley school expenditures, about \$2.6 million should be separated from the rest of the grant money which directly assists Berkeley school instructional programs under federal laws or foundation grants.

In the following tables which show the detail of expenditures in each of the object major categories, it is not very meaningful to include override spending, except for the Capital Outlay and Other Outgo accounts. Hence, the first three tables below exclude override amounts.

Comparison of District and Grant Expenditures

Employee Salaries & Benefits	<u>District Funding</u>		<u>Grant Funding</u>	
	Amount	%	Amount	%
Certificated Salaries	\$14,565,885	65.9%	\$1,279,526	37.1%
Classified Salaries	4,617,330	20.9	1,605,694	46.6
Employee Benefits	<u>2,931,068</u>	<u>13.3</u>	<u>560,945</u>	<u>16.3</u>
Total	\$22,114,283	100%	\$3,446,165	100%

The expenditures for classified salaries are nearly half the staff costs for grant funds, as compared with only 21% for district expenditures.

Books & Supplies	<u>District Funding</u>		<u>Grant Funding</u>	
	Amount	%	Amount	%
Textbooks	\$45,138	4.0%	\$9,050	5.2%
Other Books	22,244	2.0	26,042	15.0
Instructional Supplies	508,724	45.1	71,679	41.3
Instructional Media	22,935	2.0	11,237	6.5
Other Supplies	381,077	33.8	51,195	29.5
Pupil Transportation Supplies	107,741	9.6	--	--
Food Services Supplies (1)	10,801	1.0	4,283	2.5
Equipment Replacement	<u>28,687</u>	<u>2.5</u>	<u>--</u>	<u>--</u>
Total	\$1,127,347	100%	\$173,486	100%

(1) Not shown here is the Meals for Needy Override Expenditure of \$227,000.

More than half the money in this account buys materials essential to the instructional program. The titles of the first four categories are self-explanatory. A brief description of the items in the other categories follows:

- "Other Supplies": Supplies for maintenance and custodial purposes, for operation of administrative vehicles and administrative office supplies.
- "Pupil Transportation Supplies": buys all supplies for the operation and maintenance of pupil transportation vehicles.
- "Equipment Replacement" is for the replacement of existing equipment due to fire, theft, damage or wear.

Contracted Services	District Funding		Grant Funding	
	Amount	%	Amount	%
Personal Services	\$124,207	6.6%	\$1,182,653	69.8%
Travel & Conferences	62,275	3.4	159,380	9.4
Dues & Memberships	3,125	0.2	100	0
Insurance	336,249	18.1	--	--
Utilities & Housekeeping	791,546	42.6	19,650	1.2
Contracts, Rents & Leases	377,510	20.3	88,672	5.2
Legal, Audit	110,249	5.9	--	--
Other Services	11,148	0.6	244,988	14.4
Interprogram Billings	42,272	2.3	--	--
Total	\$1,858,581	100%	\$1,695,443	100%

More than half of the district expenditures above buy such essential overhead items as insurance and utilities. Both of these costs can be reduced if the number of facilities operated by the district is reduced by closing schools. Conservation practices can also contribute to reduction of utility costs.

A brief description of the types of expenditures in the less obvious categories follows:

- "Personal Services" includes School Resource Volunteers (SRV), vision screening, hearing tests, consultants and other contracted services. Practically all the consultants and most of the contracted personal services are paid by grants.
- "Contracts, Rents, Leases" include roofing and other maintenance, equipment rental, building rental, special education transportation, athletic field and playground maintenance contracts.
- "Legal & Audit" includes court costs, auditor's fees, misc.
- "Other" under grant spending includes the overhead paid the school district to cover various administrative costs.

Capital Outlay	District Funding		Override Funding	
	Amount	%	Amount	%
Improvement of Sites	\$ 225	0	\$7,275	0.5%
Buildings & Bldg.Improvements	298,182	58.6%	1,455,454	99.4
Equipment	210,797	41.4	1,940	0.1
Total	\$509,204	100%	\$1,464,669	100%

District building expenditures this year include improvement of the 4-6 schools and the lease-purchase of facilities. Equipment includes all types of transportation vehicles (except buses) and data processing equipment. The override money is for the Earthquake Building program. Its

total represents both this year's earthquake override tax income and the carryover from 1975-76.

Other Outgo	District Funding Amount	Override Funding Amount
Debt Services	---	\$40,587 *
Outgoing Tuition	\$626,779	
Interfund Transfer	**	
Appropriation for Contingency***	<u>854,752</u>	
Total	\$1,481,531	<u>\$40,587</u>

* State Building Loan Repayment for past construction of facilities.

**The Cafeteria Fund deficit will appear here as a charge to the General Fund at the end of the fiscal year (about \$200,000).

***Includes \$300,000 in stores and revolving cash fund.

Other Budgets

Although the General Fund is by far the largest of its operating budgets, the BUSD manages three other funds: The Cafeteria Fund, the Child Development Fund (see Child Care section of this supplement), and the Building Fund. This last fund is where the financing for the earthquake safety construction program is accounted for. Income for this fund is generated by a twenty-cent tax override (3-year maximum) and a 20-year low interest loan from the state, which is to be repaid beginning with the completion of the building program.

Comparison with other School Districts

In comparing expenditures of school districts, the California State Department of Education divides total expenses by enrollment (ADA), and expresses this comparison as an average expenditure per student. It excludes from total spending such items as transportation, capital outlay, and cafeteria. It includes such costs as personnel, supplies, maintenance and utilities.

In 1975-76, average expenditure per pupil in Berkeley amounted to \$2,242, according to state figures. Berkeley ranked 23rd in the state but the districts which exceeded it were mostly districts with very small enrollments. These included Sausalito at \$2,612 per student, Emeryville at \$2,874 per student and McKittrick in Kern County, which is the highest spending district, at \$4,288 per student.

It is important to point out that Berkeley's per pupil expenditure figure is inflated by the large amount of grant money the district receives. The district is merely the fiscal agent for about \$2.1 million in grant funds for multi-cultural curriculum and teacher training projects such as BABEL, BASTA, CIMA, LAU and Asian Materials Development. For purposes of comparison with other districts which do not receive such funds, it would be more realistic to reduce Berkeley's per pupil expenditure figure as calculated by the state. \$2.1 million divided by about 12,000 ADA equals \$175 per student. Deducting \$175 from Berkeley's \$2,242 results in a revised expenditure of \$2,067 per student. Even with this adjustment, Berkeley's expenditures are higher than most school districts, as may be

seen in the table below:

Comparison of per pupil expenditures
Selected Unified School Districts
1975-76

Berkeley	\$2,242	(\$2.067)
Palo Alto	2,035	
San Francisco	2,006	
Beverly Hills	1,958	
Pittsburg	1,867	
Pasadena	1,586	
Oakland	1,579	
Richmond	1,497	
San Diego	1,301	
Los Angeles	1,295	
Sacramento	1,260	
San Lorenzo	1,143	

State Average: \$1,308

Source: "Financial Transactions Concerning California School Districts",
California State Department of Education, 1977.

Staff Salaries and Benefits

(for relevant background material on this section
see About Berkeley Schools 1975-76, page 17)

This year, for the second consecutive year, no salary increases were awarded to B.U.S.D. staff. However, this year the district expects to pay all employees a salary bonus of approximately 4%, depending on funds available. This will be a one-time increase paid at the end of the school year. Whether this increase is built into the salary schedule for next year will be the subject of employee negotiations. In the last two years, Certificated and Classified employees, if eligible, received salary increments, either by advancing vertically on the salary schedule (longevity) or horizontally (improved qualifications). The cost to the district of these increments represents approximately 3% of total salary expenditures, although it must be remembered that not all employees receive increments. More than half of the Certificated staff are no longer eligible for vertical increments having completed 14 years of service, the top step on the salary schedule.

Employee benefits for 1976-77 remain at the same level for the employee as last year although the cost to the district has increased with inflation of medical care costs.

The State Teachers' Retirement System (S.T.R.S.) is one state-mandated benefit which has been rising and will continue to rise in future years. Both the school district and the employee contribute to this fund. The district's contribution will increase from 6.4% of salary this year to 8% in 1978-79. The teacher's share will also be 8% next year for a total of 16% paid to the S.T.R.S. Fund. However the state projects that these contribution rates will have to be increased from 16% to 21% of salary over a five year period to make up the unfunded S.T.R.S. liability of \$7.9 billion. One proposal under consideration is that the state contribute 2% and school districts and teachers together contribute the remaining 3% to cover the increase from 16% to 21%.

Ratio pay for administrators, counselors and other certificated employees was replaced temporarily this year with a new system, pending approval of a revised schedule of administrative remuneration which will not be tied to the teacher salary schedule.

Below is a comparison of average teacher salaries in the state. Only salaries of teachers are included in the figures; salaries of other certificated employees are excluded. Only the 252 Unified districts are included, representing about two thirds of all teachers in the state; elementary and secondary districts are excluded.

The average teacher salary in Berkeley is \$16,496 for 1976-77. This figure includes salary increments but does not include any salary bonus. If the latter were paid at 4% this would raise the average teacher salary to \$17,155. Using the lower salary, Berkeley teachers rank 45th out of 252 Unified districts this year; using the higher salary they would rank 19th. (Berkeley ranked 17th in 1973-74 but dropped to 37th in 1975-76.)

State-wide the trend has been for lower salary increases this year. The state average for teacher salary is \$16,601 this year, only 4.7% above last year (compared with increases of 8.5% in 1975-76 and 9.2% in 1974-75). Whether the downward trend will continue will depend on the effects on employee negotiations of SB 160, the new collective bargaining law.

Selected Comparisons of
AVERAGE TEACHER SALARY FOR UNIFIED DISTRICTS 1976-77

STATE AVERAGE	\$16,160	
BERKELEY	\$16,496	(\$17,155 with 4% bonus)

Some high paying districts

BEVERLY HILLS	\$21,347	LOS ANGELES	\$17,399
PALO ALTO	\$19,941	CARMEL	\$17,381
EL SEGUNDO	\$18,811	SAN JOSE	\$17,017
PALOS VERDES	\$18,299	DAVIS	\$16,881
LONG BEACH	\$17,747	SAN DIEGO	\$16,766
SANTA CLARA	\$17,724	BURBANK	\$16,614

Some nearby districts

MARTINEZ	\$18,039	PITTSBURG	\$16,682
SAN LEANDRO	\$17,680	NEWARK	\$16,358
ALAMEDA	\$17,320	ALBANY	\$16,304
SAN FRANCISCO	\$17,239	OAKLAND	\$15,607
EMERYVILLE	\$17,214	HAYWARD	\$15,312
PIEDMONT	\$16,966	RICHMOND	\$15,163

Developed from California Teachers' Salaries 1976-77
 California State Department of Education

Staff Distribution

1976-77

Because of falling income and rising costs, the school district's staff was reduced substantially this year. After months of agonizing debate, thirty-nine certificated staff were permanently terminated for budgetary reasons.

Compared with one year ago, when certificated staff numbered 966 full time equivalents (FTEs), the staff has been reduced through attrition and layoffs and now numbers 879 (January 31, 1977), a reduction of ninety FTEs.

The actual number laid off would have been greater except for the use of twenty-nine tenured teachers as permanent substitutes, replacing hourly employees.

Program cuts were inevitable under these circumstances: prep-time teachers have been eliminated; the counseling, guidance and library programs reduced; and class size increased (except in the 4-6 schools, where class size is slightly reduced).

The present distribution of certificated staff members is shown in the tables below. The reason for including the funding source is to show the number of staff presently assigned to the K-12 program. It is for this program that income will be greatly reduced next year due to declining enrollments. It is in this program that reductions in staff will have to be made in order to reduce the deficit projected for next year. Savings in staff costs cannot be realized through cuts in the Adult School, Project (grant funded) and Child Care staff.

Staff in the Adult School program are supported by a separate tax rate, beginning this year. Next year the Adult School will have its own budget.

Project income is from federal, state and some foundation grants. The assignments of staff supported by project income are restricted by the terms of grant agreements. Reduction of Project staff would simply mean reducing Project income.

Child Care staff are supported by a completely separate budget whose funds cannot be intermingled with the General Fund.

TABLE I
Distribution of Certificated Staff by Program and Funding Source
January 31, 1977

Program	Certificated No. FTE*	%	Funding Source	Revenue Limit	Local Tax Rate
K-12 and Parent Nursery	731	83%	Local property tax, state basic aid and categorical aid, misc.	\$1,814/ A.D.A.	\$5.107/ \$100 AV
Adult School	28	3%	Local property tax, state basic aid and student fees	677/ A.D.A.	0.270/ \$100 AV
Projects	65	7%	Mainly federal, some state and foundation grants	none	none
Total General Fund	824	93%			
Child Care	55	6%	Local property tax, state and federal subsidies and parent fees	none	0.618/ \$100 AV
Total	879	100%			

*Full-time equivalents

Next year the distribution of certificated staff will be quite different, according to present plans. About 100 teachers will be cut from the K-12 and Parent Nursery programs in order to eliminate next year's projected deficit in the K-12 budget. About 50 teachers will be removed through attrition and will not be replaced. The others will be transferred to district budgets which are not shrinking, principally the Child Development Fund. The School Board has voted to use its discretionary power to raise whatever tax revenue is necessary for the Child Care program. The School Board does not have the power to increase tax revenue for the K-12 program.

It is estimated that on the basis of declining enrollment, the K-12 program will require 30 fewer teachers next year. Since a great many more will be cut, however, specific offerings within the K-12 program must be cut.

Table II shows the present assignments of certificated staff supported by the General Fund budget, excluding Adult School staff. Details on Child Care staff, supported by the Child Development Fund, are given in the section entitled "Child Care Programs".

The data show that 97% of non-project certificated staff work at school sites. These include classroom teachers, other teachers, support staff and site administrators. Classroom teachers alone comprise 68% of district funded certificated staff.

Program reductions planned for next year call for an increase in class size by two pupils at every level. This would reduce the number of K-12 classroom teachers by about 42. There will also be a reduction of 30 classroom teachers as a result of declining enrollments, for a total reduction of

TABLE II
Detailed distribution of Certificated Staff
General Fund budget (excluding Adult School)
January 31, 1977

Program	District No. FTEs	%	Project No. FTEs
<u>Classroom Teachers</u>			
- Parent Nursery	27.40		
- K-3 schools	140.30		
- 4-6 schools	89.50		
- Kilimanjaro (K-6)	3.25		
- (7-8)	44.70		1.00
- (9)	49.27		
- Berkeley High School (9-12)	127.25		1.00
- East Campus (9-12)	12.67		
- Odyssey (7,8,9)	5.75		
Total Classroom Teachers	500.09	68%	2.00
<u>Other Teachers</u>			
- Reading Specialists	28.00		} 34.30
- Skills Specialists	8.50		
- Elementary Music	7.20		
- Special Education	47.00		2.00
- Driver Training	4.00		
- Vocational Education (VEA)	6.00		
- Off-Site	3.30		2.50
- Permanent Substitutes	19.20		
Total Other Teachers	123.20	17%	38.30
<u>Support Staff</u>			
- Psychol/Guidance	8.25		
- Counselors	17.00		
- Health	3.75		
- Library	13.40		
- Grade Coordinators, Deans, etc.	11.10		
Total Support Staff	53.50	7%	0
<u>Site Administration</u>			
- Department Chairpersons	4.19		
- Principals	18.75		
- Vice-Principals	10.50		
Total Site Administration	33.44	5%	0
<u>District Administration</u>			
- Coordinators	13.55		9.95
- Central (Cabinet)	7.34		.66
- Multi-Cultural Projects	-		13.20
Total District Administration	20.89	3%	23.81
Total Certificated	731.12	100%	64.61

72 classroom teachers. All of the parent nursery teachers supported by K-12 revenue will be eliminated(1). About ten of them will continue under Adult School and Project (State Preschool) funding. Two district administrators will also be cut. The School Board has rejected the Superintendent's proposal to close several schools next year. This means that the staff savings in site administrators and support staff expected from closing schools will now have to be made from among the remaining options shown in Table II.

A word about Special Education and the number of people in this program. Special Education is supported both by district funds and by categorical (ear-marked) funds from the state. It is the state funds which make possible low pupil/teacher ratios and specialized services. Staff in this program serve trainable mentally retarded children, educable mentally retarded children, autistic and aphasic pupils, blind pupils, children with speech and hearing difficulties, pupils with learning difficulties (learning assistance), pregnant girls and mentally gifted minors (High Potential program).

Among the certificated staff are 78.14 administrators. Of this number, 23.81 are paid from Project funds. Site administrators number 33.44 FTEs. The 20.89 other administrators perform the following functions:

<u>Coordinators</u>			
Affirmative Action	1.00	Ombudsman	1.00
African American Studies	.60	Performing Arts	.60
Asian American Studies	.60	Pupil Accounting & Attendance	1.00
Chicano Studies	.60	Reading	1.00
Foreign Language	.40	Research	1.00
Health	.50	Special Education	1.00
High Potential	1.00	Vocational Education	1.00
Home Learning Center/ Summer School	.25	Women's Studies & Title IX	1.00
Instructional Media Center (IMC)	1.00		
		Total:	13.55 FTE
<u>Cabinet</u>			
Superintendent	1.00	Instructional Services	1.00
Assistant to Superintendent	1.00	Pre-Kindergarten & Elementary Instruction	.34*
Assistant Superintendents	2.00	Certificated Personnel	1.00
Project Planning & Evaluation	1.00		
		Total:	7.34 FTE

*This position is funded in part by Project money (ESEA)

- (1) The Parent Nursery program costs about \$650,000. Over \$400,000 of that amount is money diverted from K-12 student income. The balance is derived from state subsidy (about \$200,000), from Adult School A.D.A. and from parent fees.

In the past the BUSD has been subject to fines by the state for exceeding the permissible ratio of one administrator for every eight teachers.⁽¹⁾ The principal cause has been the unusually large number of Project administrators required by grant agreements. Recently, State Assemblyman John Miller successfully carried legislation which exempts federal Project administrators from inclusion in the computation of the ratio. This year the district exceeds the permissible ratio by 1.06 administrators. The state is considering granting a waiver of the penalty.

While the number of district administrators might be reduced, it is clearly not possible to regard this option as a principal means of eliminating the projected \$4 million budget deficit.

The chart on the next page provides a site by site analysis of both the certificated and classified staff employed at the K-3 and 4-6 schools to underscore the fact that there are a large number of adults working at the school site in addition to the classroom teacher.

The data below provide a summary of the ratio of certificated staff to students at school sites this year:

Level	No. of Students per Classroom Teacher	No. of Students per Site Staff Member	No. of Stud. per Coun- selor
K-3 Schools	26.82	19.68	--
4-6 Schools	26.54	16.63	--
7-12	22.79*	17.71	315

*Because of the way secondary school programs are organized, pupil/teacher ratio and actual class sizes are markedly different. Class size averages about 27.35 students per teacher, and individual classes vary from this average in both directions. Some are much smaller and some much larger.

(1) The state defines as "administrators" those certificated employees who do not provide direct instruction or service to pupils. If a certificated staff member spends a portion of his working day organizing programs, teaching other teachers, or developing curriculum, that portion of the day is represented as administrative.

B.U.S.D. SCHOOL SITE STAFF¹

CERTIFICATED AND CLASSIFIED

K-3 and 4-6 SCHOOLS OCTOBER 1976

	Enrollment 10/1/76	Classroom				Skills		Music		Spec. Ed.		Libr. Cert. D	Psych Guid. Cert. D	Health Cl. D	Misc.		Administration (Cert.)			Support Services (Class.)			Black Studies (Class.) D	
		Certificated p2	D ³	Aides P D		Cert. P D	Cert. D	Cert. D	C1. D	Cert. D	C1. D				P	D	Prin. D	V.P. D	other D	Clerical P D	Custodial D	Food D		
Cragmont	331		12.00	8.00		3.11	.50			.50		.50	.20	.40	1.20		1.00	.50			1.00	1.00	2.80	
Early Learning Center	58		2.00				.30					.20							.50					
Emerson	338		12.00	7.2		.61	.50			.34		.50	.10	.40	.70		1.00				1.00	2.00	1.80	
Grizzly Peak	100		4.00				.25		.13			.20		.20		.13	.37				1.00	.50		
Hillside	297		11.00	2.13		3.11	.50			.50		.40	.20		.40		1.00				1.00	3.00	2.00	
Jefferson	372	1.00	14.00	4.80		2.11	.50			.50		.50	.20	.40	.40		1.00	.50			1.00	3.00	2.13	
John Muir	311		12.00	3.20			.70			.83		.50	.20	.40	.50		1.00				1.00	1.00	.13	
LeConte	296		11.00	3.60		1.61				1.33	.80	.50	.10	.40	.40		1.00				1.00	2.00	2.00	
Oxford	253		9.00	.80		2.50	.50			2.50		.40	.20	.40			1.00			.53	1.00	2.50	2.33	
Thousand Oaks	477		18.00	5.60			.50			.50		.60	.20	.40	1.00		1.00	.50			2.00	3.00	2.00	
Tilden	100		4.00				.25					.20		.20			.38				.67	.50		
Washington	486		18.00	4.00		2.11	.50			.50		.60	.20	.40	.40		1.00	.50			1.00	3.00		
Whittier	348		14.00	12.00		2.11	.50			.50		.50	.20	.40	1.00		1.00	.50			1.00	3.00	3.33	
K-3 TOTAL	3,767	1.00	141.00	51.33		17.27	5.50		.13	8.00	.80	5.60	1.80	4.00	6.00	.13	10.75	2.50	.50	.53	12.67	24.50	18.52	
Columbus	389		15.00			3.83	1.00	1.80		2.00		1.80	.40	.40		1.00	1.00	1.00		1.00	1.00	3.00	3.80	.50
Franklin	785		28.50	2.40	1.00	4.00	3.00	2.00		2.00	1.60	1.00	.40	.40		1.00	1.00	1.00			2.80	4.00	4.00	1.00
Longfellow	722		27.00	2.40		4.12	2.00	2.00		2.00	.80	1.00	.40	.40	.40	1.00	1.00	1.00			2.00	4.00	2.87	1.00
Malcolm X	492		19.00	.80		3.11	1.00	1.60		2.00	1.60	1.00	.40	.40	1.00	1.00	1.00	1.00	1.00		2.00	3.00	3.47	.50
4-6 TOTAL	2,388		89.50	5.60	1.00	15.06	7.00	7.40		8.00	4.00	4.80	1.60	1.60	1.40	4.00	4.00	4.00	1.00	1.00	7.80	14.00	14.14	3.00

1. Numbers indicate full time equivalent (FTE)
2. "P" means Project funded
3. "D" means paid from District funds

Balancing the Budget

Falling income and rising costs mean a projected deficit of nearly \$4 million for the coming school year 1977-78. The option of seeking voter approval to increase funds for the K-12 program through a Revenue Limit Increase ballot measure in the April election was rejected by a tie vote of the School Board in December, leaving no alternative to drastic cuts in these programs. School districts are required by law to submit a balanced budget to the County each year.

A School Board's freedom of action is restricted by state law, by collective bargaining agreements with employees, and by the sentiments of students, parents and taxpayers. Budget cutting is a painful, vexing task. In an effort to understand the process better, we have attempted here to list the options that are available and the constraints on each.

I. Staff Expenditures

Salary and Fringe Benefits

About \$80 out of every \$100 the BUSD spends goes to pay staff: teachers, principals, custodians, clerks, etc. The remaining money buys books, paper, brooms, insurance, utilities, etc.

During the current year 1976-77, employees will receive a bonus of approximately 4 percent. If the School Board accepts the Superintendent's recommendation to incorporate this bonus into the basic wage schedule next year, this would not represent an increase in costs over this year. Conversely, if the bonus is not added to the wage schedule, there would be a saving of about \$800,000.

Automatic increments built into the wage schedule will increase staff costs about 3 percent next year. Not all staff members receive increments. It is estimated that half the staff have reached the top step in the salary schedule and would not be entitled to increments next year.

Fringe benefit cost increases will add about 2 percent to the wage bill next year, bringing the total increase in staff costs to 5 percent.

The dollar amount of the 5 percent increase would be approximately \$1 million and would result in an average salary and fringe benefit cost of \$21,315 for certificated staff, and \$15,495 for classified staff.

While salary and fringe benefits are subject to negotiation, strong resistance from staff can be expected to any proposal to forego the traditional increases. Moreover, it is not known as yet whether staff unions will ask

for additional money and what the outcome of collective bargaining will be.

Staff Reductions

Staff costs will increase but income will decline, so it is clear that in the coming year the school district can afford fewer employees in its regular program. There are several ways in which staff may be reduced:

a) attrition: Each year a number of employees voluntarily leave the school system for different reasons: resignation, retirement, sick leave or leave of absence. Each year, also, a number of employees choose to return from leave. It is not possible to know in advance precisely what the net result of these changes will be. The district has estimated that next year the staff will be reduced through attrition by about 50 certificated and 15 classified employees.

b) termination: Very complex rules and procedures have been established under state law and court precedent to protect the jobs of tenured teachers. In order to dismiss staff for cause, for example, the supporting evidence must be meticulously gathered. In order to lay off certificated staff for economic reasons, the law-offs must be justified by declining enrollment and/or by program reductions. Further, staff must be officially notified by March 15 (under BUSD policy by March 1) of an impending lay-off for the coming school year. Lay-offs must occur in the reverse order of seniority, with the last hired being the first fired, and a hearing must be held before an administrative judge if the dismissals are challenged. After all these steps, if a school district does indeed lay off certificated staff, then these people must be hired first when substitutes are needed and must be paid at the same daily rate they received before lay-off. This amounts to about twice the normal substitute pay.

The narrowness of these rules means, of course, that the gains of affirmative action and the quality and contribution of the individual staff member cannot be taken into account. The average age and cost of our staff is affected as well because those with the lowest seniority are usually the youngest and lowest paid.

Last year the BUSD permanently terminated 39 teachers in order to balance the budget. This year the School Board voted 4-0 on February 6, not to terminate either certificated or classified employees for budget reasons.

c) transfer to other budgets: A major source of added funds over which the School Board still has authority is the override tax which supports the child care program. It is an anomaly of present school finance laws that School Boards are required to seek voter approval for increased funding of K-12 programs, but have absolute discretion over the amount which may be raised from local taxpayers for child care.

The result in Berkeley has been a significant change in the traditional function of a school district as staff members are shifted from the regular General Fund programs to the Child Development Fund children's centers. Two years ago, the School Board transferred a large number of teachers to the child care program in order to avoid a drastic wage cut. This year the School Board has voted to nearly double the staff in child care in order to avoid lay-offs.

The irony is that taxpayers will pay the same amount in taxes whether the money is used for the Children's Centers or the regular K-12 school program. Berkeley citizens would probably refuse to increase their school taxes if given an opportunity at the polls. But while the law requires voter approval of added money for the K-12 program, it gives the School Board authority to increase child care taxes and spending.

The Child Development Fund budget has a surplus of about \$2 million this year because for the past two years its tax rate has been set at a level which generated revenue in excess of the program's cost. Without the proposed expansion, that tax rate would have declined sharply next year. Because of the surplus, the cost of the expanded program will not be reflected in a higher Children's Center tax rate in 1977-78, but it will climb in subsequent years if the program is continued at the expanded level.

d) new federal and state money: The BUSD vigorously pursues added federal dollars, but whether the Carter administration will propose more money for education is not known at this time. If more federal funds are received next year, staff members with appropriate skills can be assigned to those new projects, and they can then be paid out of federal money. In past years, federal guidelines have placed restrictions on the deployment of staff. Federally funded teachers could not be used, for example, as classroom teachers, thereby reducing class size, but had to be assigned to support tasks, such as reading specialists.

The state legislature will enact new school finance legislation this year in order to comply with the State Supreme Court's decision in the Serrano case. Whether Berkeley will receive new money for categorical aid programs such as disadvantaged youth, special education and early childhood education is problematic because of the millions the State must provide merely to equalize expenditures among school districts throughout the state. If there is to be a reduction in state funds, it is to be hoped that the legislature will provide for the phase-in over a period of several years of provisions that will adversely affect districts such as Berkeley.

Summary of Staff Reductions

Present plans mean that the number of certificated staff paid with regular district funds will be reduced by 110 Full Time Equivalent employees (FTE) next year as follows: about 50 through attrition and the rest will be transferred to other budgets, principally child care. The number of classified staff will also be reduced by attrition and transfer.

If these plans are carried through, the anticipated general fund deficit would be reduced by about \$2.7 million.

II PROGRAM REDUCTIONS

Significant program reductions will occur with the attrition of 50 certificated staff and the transfer of another 60 to other budgets and programs. As a result of declining enrollment alone, it is expected that the district will need 30 fewer teachers next year. A loss of this number has no effect on program. But another 80 people will not be available to perform the jobs to which they are presently assigned. For 1977, Superintendent Wilson proposed to

reduce programs as follows:

- | | | |
|-------------------------------|---|-----------------------|
| a) classroom teachers: | declining enrollment | minus 30 |
| | increase class size by 2 | minus 42 |
| b) close two or more schools: | Administrator and support staff reduction | minus 7.3 |
| c) central administrators | | minus 2 |
| d) parent nursery teachers | | minus 29 [*] |
- * while all parent nursery teachers would be eliminated from regular district fund costs, State Preschool funds and Adult School income will enable a reduced program to continue, using 12 full time equivalents (FTE)

The School Board, on February 6, rejected the proposal to close schools in the coming year (except for the Early Learning Center which will lose its small K-3 program and be devoted entirely to Child Care). So these savings will not be realized and cuts will fall elsewhere.

In the earlier chapter in this supplement, titled "Staff Distribution", there is an extensive analysis of the current assignments of certificated staff. All the available options for consideration in program and staff cuts are set forth in that section.

III Non-Personnel Expenditures

Nearly all the items in this category, from books and paper to utility bills and insurance, can be expected to carry higher price tags next year. Usually termed "discretionary" items, it is clear that this is a misnomer unless students and staff are to be deprived of many essential goods and services.

The Superintendent's proposals for balancing next year's budget call for a 25% reduction in non-personnel spending. This year's expenditures are projected at \$4.3 million while next year's are projected at \$3.3 million.

A reduction of such magnitude in a time of inflation would mean, for example, that only the leakiest roof could be repaired; that children would lack books. Teachers would lack paper. Buses would get fewer tires, and school buildings less heat, light, water, soap and brooms. The Business Manager has acknowledged that so austere a budget would require, for instance, cutting off the heat to classrooms after three hours each day.

The earlier section in this supplement titled "School District Expenditures" lists in detail the non-personnel items in the current year. Many of these are fixed costs or legally required expenditures which simply cannot be reduced.

Of course, it is true that better management and greater discipline could reduce some expenses. For example, the cafeteria program annually runs a deficit which must be subsidized by the district's regular budget. Improving

the quality and appeal of the food would improve sales, reduce the deficit, and benefit the children who must eat the meals. Vandalism and theft cost large sums each year. A systematic approach to reduction of these losses would bring benefits within the next few years. The list of wasteful practices of both staff and students is a lengthy one. Changing habits so that school resources are conserved may not bring immediate relief but can result in substantial cost savings over the long term. There is no question that the school district faces many years of shrinking resources.

Closing some schools and making them available for other uses can achieve significant cost savings. With many fewer students and staff, the district is entering a period of under-utilization of school facilities. This results in a sharp rise in the operational cost per student for district facilities since overhead costs such as utilities, insurance, maintenance, etc., continue so long as the facilities are in use. With shrinking income, the competition for dollars between instructional services and support services will become intense.

Faced with these intractable facts, the Superintendent last fall recommended closing several schools at the end of this year. The outraged response from the community revealed, however, that it was unprepared to accept such extreme measures. In the present circumstances, the immediate closing of schools could well be counter-productive by increasing the serious disaffection with the public schools already evident in the number of Berkeley residents who have withdrawn their children from the city's public schools.

Accordingly, the School Board has now established a citizen's task force to plan the transition to a smaller number of school facilities. The committee is to make its final report next fall, and it is likely that the closing or phasing out of buildings will begin in the following year.

IV Ending Balance

Some relief from the drastic cuts now contemplated may come from the year-end balance. This includes principally savings realized from the attrition of staff who are not replaced and from unspent reserves. It is too early to be precise, but the ending balance should be between \$500,000 and \$1 million for this year. The ending balance would become the Beginning Balance in next year's budget.

Child Care Programs

On February 6, 1977, the Board of the Berkeley Unified School District made several decisions that will result in substantial and possibly permanent expansion of Children's Center programs and considerable reduction of Parent Nursery Programs. These decisions and others that the Board is expected to make in the near future will have significant effects on the district's Children's Center full-day year-round child care programs, and on Parent Nursery half-day preschool programs.

The main effects of the February 6 and subsequent decisions will be:

- 1) to make Children's Center child care programs a much more important part of the total district operations, by transferring more than 100 staff (teachers, aides, custodians, etc.) from K-12 programs, by adding at least 237 additional children to Children's Center programs, and by maintaining the Child Development Override Tax Rate at \$.618/\$100AV to help support the cost of expansion.
- 2) to reduce the size and change the character of Parent Nursery programs by decreasing staffing and enrollment and, in particular, by drastically reducing the number of children of parents who pay fees and participate regularly in classroom activities.
- 3) to increase the existing racial imbalance in district child care and nursery programs. Children's Center day care programs are already more than 2/3 minority children because they give priority to children from low income families. Parent Nurseries have been racially balanced, because they have had about equal numbers of low income, state-subsidized children and of middle income, fee-paying children. Since low income children are more likely to be minority children and middle income children are more likely to be white, the proposed reduction of fee-paying children would make Parent Nursery programs predominantly minority.
- 4) to alter the present relationship of BUSD programs to other preschool programs in the city. The Board's future decisions will have a significant positive or negative impact on other city programs and on child care needs in the community. In expanding Children's Centers, the Board must decide whether to increase services only, or primarily, for three and four year olds needing full-day care, whether to expand services for school-age K-3 and/or 4-6 children needing extended day and vacation care or whether to create new services for children under three. Since three and four year olds are already very extensively served by BUSD and other city programs, while school-age children and children under three are very scantily served in the city, Board decisions will have implications outside the BUSD itself.

Board decisions to reduce the Parent Nursery programs will have rather different consequences for non-BUSD programs. Diminishing the number of middle-income white children in BUSD preschool programs will force such children into other parent-cooperative and preschool nurseries. These schools are already predominantly white and middle class. They are also generally under-enrolled.

Because School Board decisions affect all child care services in Berkeley, we need to look more closely at how they are funded and how they spend their money.

BUSD CHILDREN'S CENTERS

BUSD Children's Centers are now providing 238 three and four year olds with full-day care, up to 11 hours each day, year-round, and 275 K-3 school children with extended day care, which may include both before and after school care and full day vacation care. These Centers are designed to provide high quality early childhood education and reliable care for children whose parents most need and can least afford it.

In 1976-77 nine Children's Center sites are serving 513 children. Some sites serve only preschoolers; they are Columbus, King (at Washington) and Longfellow. Some serve only extended day children; they are Jefferson and Oxford. Four centers, Early Learning Center, Hillside, LeConte and Whittier, serve both groups. The Early Learning Center was created as a model of integrated schooling and day care for children age three through grade 3. It has combined parent nursery preschoolers, child care preschoolers and school children in regular K-3 programs and in extended day and vacation programs. The Whittier Center has also had an integrated program. In the future, state regulations will prohibit mingling Parent Nursery and Children's Center programs.

Proposed and Possible Changes in 1977-78

Thus far, School Board decisions to expand Children's Centers have been taken to save the jobs of certificated and classified teachers and other classified staff who could not be supported by funding for K-12 programs. Choices still must be made that will determine whether the Children's Center expansion will fill the unserved and undeserved needs of Berkeley children and parents or duplicate existing services and thus possibly damage existing non-BUSD programs.

There is a conflict between the district's need to employ excess K-12 staff in Children's Centers in the most convenient and efficient way and the community's unmet need for particular kinds of child care services.

a. Expansion of Preschool Age Day Care

Plans to expand Children's Center services only for three and four year olds are attractive to the School District because they are more labor and space intensive than extended day care.

For each new classroom teacher or aide added to a preschool age day care class, only 2.5 new children must be enrolled. This is because state/federal regulations require one adult in the classroom for every five children and because the 11 hour center day requires two full shifts of teacher staff. Thus, program expansion for these younger children is smaller than program expansion for school age extended-day children would need to be to absorb a like number of teaching staff. Preschoolers also spend more hours each day in Centers than do older school-age children.

Because of the relative convenience and efficiency of day care for three and four year old children, all three of the alternative plans presented to the School Board at the February 5-6 budget workshops assumed that new expansion in 1977-78 would be only for three and four year olds. They called for doubling the current enrollment of 238, for a total of 475. The three proposals differed only in suggesting different proportions of certificated to classified teaching staff and different numbers of child care sites. The Superintendent's recommended proposal (Plan 3) called for adding 48 certificated teachers, for a total of 104, and 37.6 classified teaching aides, for a total of 89.6.

Such major expansion of day care for three and four year olds may be unwise, since this group is very well served by BUSD and many other part-day and full-day programs. A recent survey of enrollment in all nursery and day care programs in Berkeley found that about 80% of the city's whole population of three and four year olds are enrolled in some program.¹ Since the number of three and four year olds is stable at about 2000 or declining, it seems unlikely that the number of children of these ages needing full-day care will increase significantly next year.

Need for Child Care Services
for 3 and 4 year olds²

1976-77

	Enrollment in Part-day and Full day Centers	Enrollment, Estimated, in Family Day Care Homes	TOTALS
BUSD	546		546
Other	<u>910</u>	<u>180</u>	<u>1,090</u>
Total	1,456	180	1,636
<hr/>			
Estimated Total Child Population age 3 and 4 1976-77			2,064
			1977-78
			1,873

¹Survey data from Berkeley Coordinating Council for Children's Services, "1977 Child Care Survey and Recommendations." Child population figures based on births to Berkeley residents, Berkeley Public Health Department. See also "Report on Child Care" of the City Council Committee on Child Care, January 1975.

²BCCS Survey

An even more important factor in evaluating proposed expansion of three and four year old care is the number of low income, subsidy-eligible three and four year olds who might be available for such expansion. BUSD Children's Center programs have generally been able to attract primarily children from this group. About 700 income eligible three and four year olds are presently served: 370 in BUSD Parent Nursery and Children's Center programs and 315 in non-BUSD programs. Thus it seems unlikely that the BUSD could find enough three and four year olds in this category to fill Children's Center current 238 places and 237 additional ones without drawing children away from other publicly-funded programs.

Even if the district did not succeed in filling all such newly created places, it might still seriously damage other publicly funded programs. Most of these programs are small independent centers serving 15-40 children and individual day care operators each serving a few subsidized children. Even small losses in enrollment might be enough to destroy these programs.

b. Expansion of Care for School Age Children

Extended day care and full day vacation care for school age children is a large unfilled need in Berkeley. Although there are 3,755 K-3 children and nearly 2400 4-6 graders in BUSD school classes, BUSD Children's Centers serve only 275 K-3 children in extended day and vacation day care programs. Outside the school district about 300 K-3 children are cared for in independent centers and family day care homes.³ Some other K-6 children regularly use the Home Learning Centers, the Enrichment programs offered at school sites, the Recreation programs on school playgrounds and other enrichment and recreation programs available at city Recreation Centers, but such programs do not provide the secure daily supervision of day care centers.

In early February, District staff sent out a questionnaire to parents in some K-6 schools to assess the potential demand for additional extended day care. When completed, this study may show sufficient demand for extended day services that Children's Center expansion might include or even be limited to school age children.

If the 85.6 new certificated teachers and classified teaching aides who will be added to Children's Centers next year were to care for school age children only, as many as 800 new children could be served.

Federal/state regulations require only one staff member for every 10 K-3 school age children. Moreover, school age children should not require two full shifts of staff during the school year, although they may require up to 11 hours of care during vacations.

An increase of 800 school age K-3 children would mean that about one third of all BUSD K-3 students could be served in BUSD and other city child care programs. Although such a major expansion might have some negative effect on current providers of services, the pool of available children seems large enough to make this negative impact slight.

Expansion of extended day and vacation care for school age children presents many more financial and logistical difficulties than does expansion of preschool age day care. Scheduling teaching staff time and finding adequate and conveniently located classroom space are major problems. Adapting traditional day care programs so that they appeal to older school children is also necessary.

³BCCCS, 1977 Survey

Scheduling teaching staff has two aspects. During the school year, extended day programs generally must provide two hours of care before school and three to six hours of care after school, depending on the length of the children's school day. Since staff do not work split shifts, the one or two hour morning period is awkward to arrange. One existing BUSD site, at Oxford School, does not offer before school care--a convenient solution. Programs after school also have scheduling programs since school children arrive in centers and leave for home at various times in the afternoon. Under present scheduling arrangements, vacation care for school age children requires additional hiring of hourly teaching staff, since regular certificated and classified teaching staff work a 10 month school year. To avoid morning, afternoon and vacation scheduling problems, use of split shifts, variable or staggered shifts and staggered 10 month work years might have to be increased or introduced.

Suitably located space for many new children must also be found to expand extended day care. Many of the K-3 children who need such care attend schools far from their homes. One alternative would be to provide extended day care for these children at the 4-6 school sites closer to their homes. Another option would be to offer special bus services between 5 and 6 in the evening. Since regular school bus service is adjusted to the K-3 school day, children who live far from their K-3 school cannot take full advantage of extended day care at their own schools unless their parents can fetch them late in the afternoon.

Space requirements for adding as many as 800 new extended day children would be considerable if special Children's Center classrooms were created for them. However, the example of the Early Learning Center and Whittier Children's Center might be followed to create programs where children remain in their regular classrooms for extended day care.

It is crucial to the success of Children's Center programs for school age children that traditional day care programs be adapted to their particular needs and interests. BUSD officials have found that children become increasingly reluctant to attend Children's Centers as they grow older. Recreational sports and enrichment programs like those offered on school sites by City Recreation Department staff do appeal to school age children. If lively recreational activities were a major part of Children's Center programs for K-3 children, they would be much more likely to attract and retain older children.

c. Care for Children Under Three

Full day care for children under three is an area of high need. The BUSD already has some experience in working with two year olds in the Parent Nurseries and even infants in the Parent Child Education Center for high school parents and their children. Group care for young children is even more labor intensive than for preschoolers, requiring one adult for every four children.

It does, however, present many special problems. Various kinds of cooperative arrangements with parents, licensed day care operators and small public and private centers might be possible and have been created elsewhere in the state. The Early Learning Center cooperated in a proposal for a satellite system in 1976; with some additional money and staff from BUSD it could be adopted for next year.

Where Does Children's Center Money Come From?

Children's Centers are financed separately and somewhat differently from K-12 programs: a) by a special Child Development Override Tax; b) by a distinct State Apportionment; c) by parent fees set according to a State schedule.

Both income and expenditures for Children's Centers have risen dramatically in recent years. In 1974-75 income was \$1.9 million. Two years later, in 1976-77, total projected actual income is \$4.9 million of which \$2.7 million is expected to be spent.⁴ The projected budget for 1977-78 is larger still--\$5.5 million as expected income, and expenditure.

CHILD DEVELOPMENT FUND INCOME

	<u>1974-75</u> <u>Actual</u>	<u>1975-76</u> <u>Actual</u>	<u>1976-77</u> <u>Projected</u> <u>Actual</u>	<u>1977-78</u> <u>Projected</u> <u>Budget</u>
State Apportionment	\$ 517,778	\$689,933	\$ 689,000	\$ 689,000
Local Taxes ⁵	1,176,386	2,563,292	2,772,234	2,536,365
Fees	37,312	45,312	41,400	41,400
Other	9,990	728	-	-
<u>Total Local</u>	<u>1,223,668</u>	<u>2,609,332</u>	<u>2,813,634</u>	<u>2,577,765</u>
<u>Total State and Local</u>	<u>1,741,466</u>	<u>3,299,265</u>	<u>3,502,634</u>	<u>3,266,765</u>
Net Beginning Balance	177,994	187,879	1,424,129	2,239,595
TOTAL	\$ 1,919,460	\$3,487,144	\$4,926,763	\$ 5,506,360

a. Child Development Override Tax

The Child Development Override Tax is the only unlimited override allowed by the state. It does not require voter approval. In 1975-76 the School Board took advantage of these features of the tax to increase the override from \$0.357/\$100AV to \$0.767/\$100AV. This rate has dropped in 1976-77 to \$0.618/\$100AV. The rate for next year will remain at \$0.618/\$100AV.

Berkeley's Child Development Tax is twice as large as the next largest such override in the state. Most districts do not levy this tax at all. Those which do levy it are mostly large urban districts.

⁴Based on projected actual budget, 1977/78 Budget Development, February 4, 1977, For Board Workshop, Feb. 5-6.

⁵Including State Tax Relief Subventions, for 1974-75 and 1975-76.

THE TOP EIGHT CHILD DEVELOPMENT TAX RATES

1976-77

<u>District</u>	<u>CD Tax Rate/\$100/AV</u>
Berkeley	\$0.618
Whisman Elementary (Santa Clara County)	0.309
San Francisco	0.250
Oakland	0.219
Compton (L.A. County)	0.173
ABC (L.A. County)	0.166
Sacramento	0.146
Los Angeles	0.130

Berkeley's current Child Development Override Tax of \$0.618/\$100AV is large when compared with its General Purpose Tax rate of \$5.107/\$100AV for 1976-77 and the expected rate of \$4.725/\$100AV for 1977-78. The Override supports child care services for about 530 children, while the General Purpose Tax supports traditional K-12 programs for more than 11,000 children. The 1976-77 Child Development Tax Rate is 12% as large as the General Purpose Tax Rate, while the Children's Center enrollment is about 5% as large as the K-12 enrollment.

COMPARISON OF TAX RATES

BUSD GENERAL PURPOSE TAX (GPT) AND CHILD DEVELOPMENT FUND TAX (CDF)

	GPT/\$100AV	CDF/\$100AV	$\frac{CDF}{GPT} = \%$
1974-75	\$6.624	\$0.357	5.3%
1975-76	\$6.056	\$0.767	12.6%
1976-77	\$5.107	\$0.618	12.1%
1977-78	\$4.725*	\$0.618	13%

*estimate

The prospect for future years is that the Child Development Tax will represent an increasing proportion of the total BUSD tax rate, since the General Purpose Tax Rate is expected to decrease. In the past five years,

the Child Development rate has more than doubled.

If next year's expansion does consume not only the funds from the 1977-78 tax but also unspent carry-over from 1975-76 and 1976-77, the Override Tax for 1978-79 would have to rise considerably to maintain the 1977-78 level of operation.

In future years, the State may impose a limit on the CDF override as it has done on all other school tax rates.

b. State Apportionment for Children's Centers

The State Department of Education (SDE) administers the special apportionments for Children's Center child care. Funds are a combination of state and federal monies. The federal funds come under Title XX of the Social Security Act and related funding legislation. Both state and federal support for child care is designed as a social service for parents or children with special needs. Programs serve parents who cannot care for their children, particularly those who are working or training or studying in preparation for working--if the parents receive Aid for Dependent Children (AFDC) or other government assistance or if family income is low.

Apportionments for each year are based on the anticipated number of child attendance hours of income-eligible children and on the average cost per child hour in the previous year. The maximum apportionment a district may receive is limited by the state and federal funds available and is shared out to districts that apply by a formula tied to the number of AFDC families in each. Apportionments are paid out as full or partial reimbursements for child attendance hours.

This year's reimbursement rate from the state is \$1.21 per child hour for BUSD and independent state funded centers. (The care of infants of high school parents enrolled in the Parent Child Education Center is reimbursed at \$1.44 per hour.)

Programs receiving SDE funds are reimbursed for actual child hours of attendance up to the contracted amount. If attendance falls below expectation, the programs receive less than the contracted amount. However, if more child hours are served than required by the contracted amount, no additional payment is received and costs are covered by other Center income. The BUSD generally serves more child hours than required for its apportionment.

Although enrollment will increase substantially next year, state funding will not increase correspondingly.

c. State Fee Schedule and Enrollment Regulations

Children are admitted to Children's Centers according to federal and state established priorities. Families with the highest priorities pay no fee. Families earning above 50% and below 85% of the state median gross income, adjusted for family size, pay according to a sliding scale established by the state.

Families with low incomes pay very little. For example, a family of four with a gross income of about \$9000 a year pays \$0.05 per hour or up to \$138 per year for 11 hours a day of care, 50 weeks of the year. A family of 4 making about \$13,500 a year, close to 85% of the state median income, pays \$.28 per hour or up to \$770 per year. These fees are much lower than those charged by private programs.

Fees for families making more than 85% of the state median gross income, however, are much higher than those charged by private programs. State regulations require that such families pay the "full cost" of care, which is set at \$1.21 per hour this year. Thus, a family of four making only slightly more than 85% of the state median income would pay up to \$3328 per year for 50 weeks of 11 hour care per day or up to \$2420 for 8 hours per day. In practice, children do not attend as many days and hours as they could, so real costs are lower.

(A few families making between 85% and 115% of the median income are eligible to pay lower fees according to a sliding scale. They are families who enrolled in the program when their income was below 85% of the median and whose income rose thereafter.)

TYPICAL YEARLY COSTS TO PARENTS
BERKELEY STATE FUNDED AND PRIVATE PROGRAMS

<u>1976-77</u>				
Hours/ Day	<u>Income Eligible</u>		<u>Full Fee</u>	
	Below 50% of Median Income	50%-85% of Median Income	Above 85% of Median Income	
BUSD & Other State Funded	8-11 hrs.	\$100-\$770	\$600-\$3000	\$2,420-\$3,328
Private Centers	8-10 1/2 hrs.			\$1,500-\$2,400
Family Day Care Homes	8-11 hrs.			\$1,500-\$2,750

BUSD and other state funded centers serve very few families whose income is much above 50% of the state median gross income. This is because such families do not have priority for enrollment and because fees at the higher end of the fee schedule and the "full cost" fees are higher than for comparable private programs. Last year BUSD income from income-eligible families on the sliding scale and from full fee paying parents was only \$45,000. Full fee paying children usually attend for only a few hours each day. For short attendance time, convenience to parents outweighs higher hourly cost.

Policies governing admission and fees for BUSD and other state funded day care centers thus tend to segregate low income children in publicly funded programs and middle income children in private programs. Although this does ensure that children most in need of subsidized care will receive it, it also means that publicly funded centers tend to be racially as well as economically unbalanced. For a school district that has been so dedicated to achieving racial integration in K-12 schools, such segregation is particularly undesirable.

BUSD has only limited power to alter the racial balance in Children's Centers, since programs receiving any state apportionment are required to apply state admission regulations and fee schedules to all children enrolled in the program.

BUSD policy, in accordance with state dictated priorities, has been to fill as many places as possible with eligible children. The district has been reluctant to accept full fee payers because they take up places that might be filled by subsidized children. Collection of fees is time-consuming and sometimes impossible. Since next year's major expansion of Children's Centers may mean that more places will be available for fee payers, BUSD's policies may have to be adjusted accordingly.

How is Children's Center Money Spent?

Total projected actual expenditures for 1976-77 are \$2.7 million. These expenditures support day care for 513 children by 108 certificated and classified teaching staff. Staff salaries and benefits represent more than \$2 million of the total \$2.7 million.

CHILD DEVELOPMENT FUND-EXPENDITURES⁶

	<u>1975-76</u> <u>Actual</u>	<u>1976-77</u> <u>Projected</u> <u>Actual</u>	<u>1977-78</u> <u>Projected</u> <u>Budget</u>
Certificated Salaries	\$ 1,122,532	\$1,058,217	\$2,385,830
Classified Salaries	398,184	704,952	1,353,369
Employee Benefits	192,015	295,971	768,386
Non-personal Expenditures	<u>238,087</u>	<u>628,028</u>	<u>998,675</u>
TOTAL	\$1,950,818	\$ 2,687,168	\$5,506,260

⁶Board Workshop, Feb. 5-6.

At its current and projected levels, Children's Center spending is becoming a substantial proportion of total district spending. The General Fund Budget adopted for 1976-77 is about \$34.5 million. The 1977-78 projected budget for the General Fund is about \$32 million. The 1977-78 projected budget for the Child Development Fund is \$5.5 million.

The Children's Center projected budget for 1977-78 of \$5.5 million is nearly double this year's expenditures. Most of this increase is in salaries for the proposed addition of 85.6 certificated and classified classroom teachers and other staff. The proposed expansion of 237 additional children is only 68% larger than this year's 513 enrollment.

One effect of doubling the budget for the program without similarly doubling the number of children served would be to increase the already high cost per child. BUSD officials estimate the average cost per child this year as more than \$5000. This figure represents a simple division of total spending by total number of children enrolled. On this basis, the average cost per child next year, for 750 children, would be more than \$7000. As a comparison, the average cost per child for K-12 education will be approximately \$2500 in 1976-77.

Another way to evaluate the cost of the program is the average cost per child attendance hour. On the basis of center attendance records we can estimate this cost as about \$4.25 per child hour for 1976-77. The State now reimburses the district up to \$1.21 per child attendance hour of income eligible children.

One obvious way to reduce costs per child and per child hour in the Children's Center programs or at least to prevent next year's costs from rising so greatly above current levels is to increase the number of children served and the number of attendance hours for each enrolled child.

Further reductions can be made by scheduling staff time next year so that each classroom staff member serves as many children as mandated pupil/staff ratios permit while he or she is in the classroom.

Since the School Board has already decided to transfer a large number of staff members currently working in K-12 and Parent Nursery programs to Children's Center programs, it cannot reduce Children's Center costs by laying off some certificated teachers and using fewer certificated teachers and more classified aides to staff these programs. Consequently, BUSD Children's Centers will continue to have more certificated teachers than federal and state regulations require. These regulations mandate one certificated teacher for every two aides in programs for three and four year old children and one certificated teacher for every two and a half aides in programs for K-3 school age children. Current Children's Center staffing of about one certificated teacher for one aide will, then, continue next year. Since average certificated teacher salaries are considerably higher than average classified aide salaries, BUSD programs will continue to be more costly than necessary.

Although the BUSD must conform to mandated adult/pupil and teacher/pupil ratios for each age group, it can choose to expand services to school age children, for whom these ratios are higher, rather than expand services to three and four year old children, for whom very low ratios are required.

Average salaries for teachers and aides in BUSD Children's Centers are higher than the top of the salary ranges for staff in other publicly funded child care programs. Since salaries represent most of program cost BUSD programs are more expensive than other similar programs. The disparity between BUSD and other programs is increased by the relatively high proportion of certificated teachers compared with classified aides.

CHILD DEVELOPMENT FUND SALARIES AND BENEFITS 1976-77

<u>Children's Center</u>	<u>Average Salary</u>	<u>Average cost of Benefits</u>	<u>Total Average Salary and Benefits</u>
Certificated Teachers	\$15,783*	\$2,478	\$18,261
Classified Aides	\$ 8,748 *	\$ 2,756	\$11,504

*includes 4% salary bonus

SALARY RANGES IN OTHER PUBLICLY FUNDED PROGRAMS

<u>University of California Child Care</u> includes fringe benefits for 10 month year and 8 hour day	<u>Total Range Salary and Benefits</u>
Directors and Teachers	\$10,700-\$16,800
Aides*	\$8,300-\$9,300
<u>Independent Day Care Centers</u> benefits variable for 12 month year and 6-8 hour day	
Directors and Teachers	\$8,000-\$13,000
Teachers and Aides	\$4,500-\$7,000 (or \$3-\$4.50/hour)

*UCCC aides will be hired for the first time in 1977-78.

These comparisons are only indicative, since hours and days per year vary and additional benefits above salary vary widely from none to fairly generous. Day care center staff have minimum education and credential requirements similar to those in the BUSD. Job responsibilities also differ greatly among programs. Day care center directors often handle all administrative and many clerical tasks and also serve as head teachers. Staff in non-BUSD centers often work an eight rather than a six-hour day, either with children or otherwise and a twelve rather than ten month year.

BUSD PARENT NURSERY PROGRAMS

Parent Nurseries are half day preschool programs which developed from the middle class parent cooperative preschool education movement. In recent years, a new element has been added to BUSD programs--state subsidized preschool education for low income children.

Current funding for Parent Nurseries comes from two sources. Costs of low income children are reimbursed by State Preschool education funds. Costs of middle income children are supported from the district's General Fund. At \$49/year, fees collected from middle income parents make a negligible contribution to total income. Because of the district's severe budget crunch the Superintendent proposed that General Fund support of Parent Nurseries be eliminated. It would be partly replaced by some support from next year's Adult Education Fund, an appropriate use since parents of middle income children enrolled in Parent Nurseries attend weekly Adult Education classes.

The reduced budget for Parent Nurseries proposed by the Superintendent would be able to support only 60 middle income children rather than the 176 that are presently served by the program. The number of low income children supported by State Preschool Funds would be increased from 152 to 185.

These reductions will effectively change the special character of the half day programs from Parent Nurseries to simple preschools run by teachers with occasional parent participation. This is because only parents of middle income children are required to participate weekly in the preschool classes. Parents of children supported by State Preschool funds are "encouraged" but not required to participate in the preschool classes. An additional consequence will be that these programs are likely to be rather understaffed. The present staff of 29 teachers will be reduced to 12, each of whom will serve full-time in one class and part-time in another. Without large numbers of participating parents, classes of 20 children may not maintain the state required ratio of 1 adult for every 5 children.

Reduction of Parent Nursery programs will radically alter their present healthy racial balance. With many fewer middle income, mostly white, children programs will be composed predominantly of minority children. Thus, the economic and racial balance of these preschool programs will come to resemble the 2/3 minority composition already typical of Children's Center day care programs. Racial imbalance in programs for younger children is particularly unwelcome in a school district that has worked very hard to achieve racial balance in K-12 schools.

PARENT NURSERY INCOME

	<u>1976-77</u>	<u>1977-78</u> <u>Superintendent's</u> <u>Recommendation</u>
State Preschool Funds	\$208,257	\$219,185
Adult Education Funds	0	95,000
Subsidy from General Fund	\$401,928	0
	<hr/>	<hr/>
TOTALS	\$610,185	\$314,135

PARENT NURSERY PROGRAM

	<u>1976-77</u>	<u>1977-78</u> <u>Superintendent's</u> <u>Recommendation</u>
Enrollment	328	245
State Preschool	152	185
Fee Paying	176	60
Classes	17	12
Class size	20-26	20
Teachers	29	12
Adult Education Staff	0	2

PUBLIC FUNDING FOR CHILD CARE 1976 - 1977
 BUSD, UC CHILD CARE, OTHER BERKELEY PROGRAMS

INCOME BY SOURCE: (all Berkeley programs)

FEDERAL	STATE &	LOCAL
	FEDERAL THROUGH	
	STATE	

% of Total

<u>Federal</u>	\$524,000	8.6 %
<u>State:</u>	2,074,000	34.1
<u>Local:</u>	3,481,000	57.3
Total	\$6,079,000*	

INCOME FOR BUSD, UC CHILD CARE & OTHER BERKELEY PROGRAMS

B U S D	UC	OTHER BERKELEY PROGRAMS

% of Total

<u>BUSD</u>			
State & Federal through State	897,000	\$4,071,000	67 %
Local CDF tax & other	3,174,000		
<u>UC Child Care</u>			
State	160,000	6000,000	10
Student Reg. Fees	440,000		
<u>Other Berkeley Programs</u>			
Federal	524,000	1,408,000	23
State	577,000		
City General Fund	274,000		
County and Other	33,000		
Total		\$6,079,000*	

* All figures are based on 1976-77 actual or estimated projected incomes for recipient programs, excluding carryover balances from previous years. Totals are rounded to thousands and are adjusted for 1976-77 twelve month year.

PUBLICLY FUNDED CHILD CARE PROGRAMS IN BERKELEY--Outside the BUSD

Between \$4 and \$5 million is going to be spent in Berkeley on child care and related services in 1976-77. Somewhat more than half of this money will be spent by the BUSD for 860 children in Children's Centers, Parent Nurseries and the Parent Child Education Center. All other city child care services will spend the rest of this income on regular day care programs for 650 children, on in-home care for 600 or more mildly ill children, and on child care support, information and referral services. Up to \$52,000 of public money may be spent for renovating and equipping of public day care facilities. Thus, some 1,510 or more children will enjoy direct child care and many others indirect services supported by public funding.

Most publicly funded programs outside the BUSD provide part or full day care services for preschool age and other children. The two largest programs, University of California Child Care and Headstart, serve 207 and 100 children, respectively, for 5 hours each day, 10 months a year. Headstart includes some two year olds in its home-based and center-based programs. UC Child care serves many infants and toddlers. Five other community based day care centers serve mainly preschoolers. They are: Blue Fairyland, Ephesian Church Child Development Center, Nia House, Project Vida, and Rose Street Community Child Care Center. One private parent cooperative nursery, Berkeley Hills Nursery School, serves low income children subsidized by State Preschool Funds and offers Adult School classes along with regular preschool participation for parents. It serves children for both half and full days, with some extended day care for young school age children. A new program, St. John's Infant Center, serves 12 infants and toddlers.

About 150 children of all ages are subsidized in family day care homes. One state and city supported program operates through the Berkeley-Albany Licensed Day Care Operators Association. Another, the South Berkeley Day Care Program, offers care in homes in south, central and west Berkeley. It is federally funded with Community Development Revenue Sharing Funds (CDRS) administered by the City. The Comprehensive Employment and Training Act (CETA) offers a "buy-in" or voucher program to CETA trainees so that their children may be cared for while they train. Most CETA subsidized children are in day care homes.

Two programs offer extended day care and full day vacation care for school age children with special problems. They are: the Caring Center, for neurologically handicapped children, and the Child Care Center for Retarded Children. Another program, the Sick Child Care Program, provides a unique in-home care program for children suffering the usual childhood illness or injuries. It enables low income parents to continue working or studying even when their children are sick at home and cannot attend a regular school, center, or day care home.

One extended day and vacation care program for K-3 school children, the Berkeley After School Program, is not currently operating for lack of a site.

Bananas and the Berkeley Coordinating Council for Children's Services (BCCCS) are two support, information and referral programs which serve all interested public and private centers, day care operators and parents seeking child care services. Both answer telephone inquiries of all kinds. The

range of services is great in both programs. The BCCCS, which is publicly funded, offers accounting and other aid in dealing with funding sources. Bananas offers telephone referrals for the East Bay and some respite child care for day care operators. Bananas receives some public support from CETA.⁸

The CETA Public Service Employment program, primarily designed to provide emergency employment and training, gives considerable support to city child care programs in the form of staff salaries for enrolled CETA workers.

The organization and funding of programs outside the BUSD is very different from that within the BUSD. To make a fair comparison of the costs of care of BUSD and non-BUSD programs we can look at the community based programs whose services correspond to those found within the BUSD. Total projected spending for the 650 children served in community based programs and allied support services is \$1,858,000 or \$2,858 per child.⁷ Total projected spending for the 860 children in all BUSD programs is \$3,297,353 or \$3,834 per child. This comparison should be considered as only indicative, since programs vary as to kind of care offered and numbers, ages and special needs of children served.

Looking somewhat more closely at Children's Center and similar programs, we find that BUSD costs are about \$5000 per child per year. If actual spending at end of year is less than the projected actual budget of \$2,687,168, average cost for each of the 513 children will be lower. Next highest in cost per child is UC Child Care at about \$2900 per child for a 5 hour day, ten month year. In one small full day care center the cost per child is \$2,500. Costs in other full day programs fluctuate around \$2000 per child. Average cost for a child in a day care home also runs about \$2000, varying with actual attendance.

After-school and vacation care for children with special needs is a surprisingly low average of \$2500 per child per year. In-home care by the Sick Child Care Program is naturally much more expensive than group care; last year's average cost per child hour was \$7.64. St. John's Infant Center, funded by AB 3059 money, is budgeted at a cost of \$0.92 per child hour.

All these programs receive support from the State in the form of reimbursements for actual attendance hours of eligible children. The maximum reimbursement rate for BUSD Children's Centers and community based day care centers is \$1.21/hour for children over two and \$1.41 or \$1.44 for children under 2. Day care operators serving children subsidized by the state, the city or Community Development Revenue Sharing funds administered by the city are reimbursed at lower rates of \$1.00/hour for children over two and \$1.10/hour for children under two. Programs newly funded under AB 3059, however, are reimbursed at lower rates.

Most of the smaller publicly funded centers and programs have had constant difficulties in staying alive. To survive and flourish they need: 1) adequate, stable and uncomplicated funding; 2) adequate space in stable low-cost sites; 3) skilled, dedicated and permanent staff and volunteer support.

⁷ Excludes Sick Child Care Program and Berkeley After School Program.

⁸ Bananas, A Place to Find Playmates
3025 1/2 Shattuck Ave., Berkeley
548-4344

Berkeley Coordinating Council
for Children's Services
3101 Telegraph (corner of Prince)
Berkeley 549-3820

1) Funding: Few programs have been able to survive with only one funding source. State funding alone is usually not sufficient to support the costs even of the least expensive programs. State apportionments to centers and homes are set at a level which does not reimburse them for all child attendance hours, much less for all costs of running their programs. The BUSD has spent heavily from the unlimited Child Development Override Tax; UC Child Care receives about twice as much from University student registration fees as it does from the state.

Most small community based programs have been supported generously by the City from its General Fund. The city also disburses Federal money for child care from such unlikely sources as Community Development Revenue Sharing (CDRS) and CETA funds. Private aid, both as cash grants and as indirect gifts of rent or services, has also assisted some programs.

A few programs are supported by one funding source. Project Vida and Nia House are funded by the city; Sick Child Care Program by the city and CETA primarily. Rose Street Center and the Child Care Center for Retarded Children receive state funding.

The problems created by multiple funding sources are great. Each source has different, often elaborate, regulations, reporting requirements and different funding periods. The State's complex and repeatedly changing regulations have been particularly burdensome. Most recently, the State has diverted all Federal money that used to go to small community based programs so that they are now entirely funded by State monies. School district programs continue to receive a mix of federal and state funding.

Administrative requirements fall particularly heavily on smaller programs which do not have clerks or bookkeepers. Directors generally carry all administrative work, as well as running programs for the children. In past years the BUSD and then the BCCCS have served as fiscal agents for some programs. At present the BCCCS is fiscal agent for two day care related programs and provides accounting services and other help to some other programs. Funding agencies offer limited help to programs in dealing with their particular requirements.

2) Sites: Finding and retaining suitable sites has been a major and recurring problem for many centers. Since all their funds are for actual service to children, programs have generally not had any capital to buy or renovate sites to meet child care standards. They have had to depend largely on sites already developed for use by other public or private programs, particularly the BUSD, private schools with spare classrooms or church classrooms.

These programs face a crisis when landlords need the use of their buildings or need to raise rent. This has happened often. For example, the Berkeley After School Program, now without a site, has lost first a BUSD and then a private school site.

New sites are very difficult to find now, because earthquake standards have eliminated many BUSD buildings from use by children and because private schools and other child care programs have absorbed appropriate sites in the city.

3) Staff: Many smaller programs have had difficulty attracting and keeping competent staff. Staff salaries are low and the levels of responsibility and work are high. Directors trained primarily in early childhood education have had to bear heavy administrative burdens. The tensions associated with recurring crises such as loss of site and the exhaustion produced by long hours of work and continually changing bureaucratic demands by the state have worn out many dedicated and talented directors and teachers.

Nevertheless, quite a few programs have survived and flourished largely because of the work of totally committed directors and the good staff attracted and held by such directors. In some cases, strong support has come from parents, churches or community.

In the face of recurring difficulties--and at very low cost--many programs have developed attractive and rich programs for children. The range of special services--for sick child home care, for children with special needs, for Spanish speaking children, for infants, for information, support and referral--is remarkable in a city of this size.

Communication and coordination among child care providers has often been pointed to in recent years as a weakness of Berkeley's child care services. Areas of real conflict exist; competition for limited sites and funds is intense. Small programs, started since 1970, are primarily concerned with their own survival and with improvement of their own programs. Since the BUSD makes decisions about its child care programs largely on the basis of its own internal needs, it has not co-ordinated its actions with those of other programs. BUSD actions can have major impact on smaller programs.

Nevertheless, large areas of communication and even coordination do exist and are increasing. Berkeley's licensed day care operators have, in recent years, drawn together effectively both to provide services to subsidized children and to improve the quality of those services. Many operators attend community college courses and support-service workshops to expand their own skills and knowledge. Operators maintain contact with and use other community resources. Directors of center programs also meet together monthly to share resource information and to plan joint fund raising and other efforts. Communication and coordination have been assisted and encouraged by both BCCCS and Bananas. Recently both groups agreed to work together as joint advisors on child care policy to the City Council.

The City has been a strong supporter of child care services, rescuing programs with emergency grants, giving yearly grants, and following the child care scene closely. However, its own efforts have not always been well coordinated. Control of child care funding and decision making are scattered through different city offices and departments. The City Manager recently recommended that the city improve coordination of its own child care related activities.

Communication among child care users, providers and funding agencies in Berkeley has actually improved dramatically in recent years, although gaps and blocks still remain. Better communication can lead indirectly to better coordination, since particular programs can act more rationally when they know more about the whole child care scene and their place within it.

U.C. BERKELEY LIBRARIES



C124901366